Country Commercial Guide
Fiscal Year 2003

The
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COLOMBIA

COUNTRY COMMERCIAL GUIDE FY 2003
TABLE OF CONTENTS

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1. EXECUTIVE SUMMARY

Bilateral Commitments to Counter Terrorism and Narco-trafficking:

Colombia is seeking to overcome its acute national crisis. To that end, the Colombian government is focusing on rehabilitating and enhancing Colombia's image as a global and regional player, and on seeking international political and economic support for its efforts to address its multiple crises. Under President Pastrana, whose administration ended in August, 2002, relations with the U.S. were greatly transformed for the better. The U.S. government has given full certification to Colombia for narcotics cooperation since 1999.

The new president, Alvaro Uribe, who was elected on an unprecedented first ballot, has pledged to step up Colombia's campaign against narco-terrorism and to bring an integrated focus to solving narcotics, security, economic and human rights/social development problems. The U.S. Congress approved major assistance packages in excess of two billion dollars in support of the "Andean Regional Initiative" and its predecessor, "Plan Colombia".

The current counter-terrorist, counter-narcotics commitment of the Colombian government, and its U.S. and other allies, is based on the premise that the country cannot achieve its potential without peace, which, in turn, depends upon breaking the financial linkage between narcotics traffickers and terrorists -- and that it is of global interest that Colombia do so.

The world attitude toward terrorists since the September 11 attacks on the U.S. has transformed attitudes about Colombia's long standing internal conflicts. Previously characterized by the media as "freedom fighters" engaged in a long-running "civil war" (with accompanying implications of legitimacy), the FARC, ELN and Paramilitaries now have been officially designated by the State Department and the European Union as terrorist organizations. In recent years their activities have focused almost exclusively on narco-trafficking, kidnapping and extortion of innocent Colombian civilians.

Security Concerns Affect Business Climate:

Colombia's situation means that it is perceived as a challenging place in which to do business. Continued terrorist activity, narco-economics and related corruption, as well as urban crime cast a pall on the society and continue to damage the climate for business in Colombia. Business and investor confidence is shaky, with few development decisions being made. A "wait and see" attitude prevails until people regain confidence in the country's security future. Capital flight and brain drain continue to undermine the country's economic force. The biggest challenge of the Uribe administration will be to motivate the Colombian people, and Colombian businesses, to re-engage vigorously in their own future.

Even as the U.S. cooperation with Colombia attracts more reporting, balanced information about real conditions and promising business opportunities in Colombia is still hard to come by. The State Department general travel advisory does not distinguish between casual and business visits, nor between major cities and remote rural areas. Media coverage focuses almost exclusively on the negative, creating the impression of endemic chaos and violence throughout the country. In reality, the vast majority of terrorist crimes are committed against the poor in rural areas, not against foreigners or city dwellers. Major cities like Bogota have lower urban crime rates than many other world capitals. Reporters rarely write about the day-to-day lives of some forty million, mostly urban, Colombian citizens going about their normal family and business lives, untouched -- except psychologically -- by the misdeeds of the some forty thousand bad actors.

Good Business Opportunities for American Companies:

Because of its bad reputation, most American companies aren't initially inclined even to consider doing business in Colombia, particularly SME/NTE/NTM companies looking for short-term results. At the same time, many savvy global companies understand clearly the strategic potential of the country, and are well established in Colombia. Despite all of its problems, Colombia ranks solidly with the group of progressive, industrializing countries worldwide that have well-diversified agriculture, resources, and productive capacities. The country has a broad, rich mineral and agricultural resource base; educated, skilled workers; a modernizing manufacturing and consumer economy; a legal, regulatory, business and physical infrastructure conducive to productive business activity; and, a long history of economic growth in an essentially democratic political system.

Colombian Market Characteristics:

Over the past decade Colombia has ranked, on average, about the twenty-fifth largest U.S. market world-wide, and the fifth in Latin America, after Mexico, Brazil, Argentina and Venezuela. However, with the recent economic and political upheavals throughout the continent, Colombia comparatively has a relatively more stable, healthier economic and political climate than some of its neighbors.

Colombia is an attractive market with a tapestry of demographic, geographic and cultural advantages. The country is strategically located at the northwest corner of South America, with close, easy access to U.S. southern ports. With coasts on both the Caribbean and Pacific, it straddles the Andes to the Amazon.

Colombians are an educated, urbanized people with over seventy percent of the 40.2 million inhabitants living in towns and cities. More than thirty cities have populations in excess of 100,000. The capital city, Bogota, has six million inhabitants. Medellin, a city of 1.8 million in western Colombia, is a major modern industrial center, producing textiles, clothing, chemicals, plastics, and printed materials. A large number of foreign multinationals have established Andean regional manufacturing plants in Cali, the third largest city. Other cities with important industrial activity are Barranquilla and Cartagena on the Caribbean coast, Bucaramanga, and Pereira, in the world famous coffee region.

Economic Indicators:

Colombia's economy has recovered from the 1997-99 recession, the worst in seventy years in a country accustomed to more than forty years of steady growth. There is now slow growth in the range of three percent, but cross sector economic indicators are positive. Tough budget cuts and the successful flotation of the peso helped, along with an agreement with the International Monetary Fund for a $2.7 billion Extended Funds Facility. The IMF accord entailed commitments to achieve specific macro-economic targets and to seek structural reform legislation. The peso has stabilized and needed macro-economic and structural reforms, particularly in the financial sector, have been executed relatively smoothly. Imports are increasing in response to pent up local demand. However, continued, high unemployment, ranging up to eighteen percent, remains the greatest economic problem, contributing to social ills.

At the same time, the focus on strengthening international trade as the key to Colombia's long term economic growth, job creation, and social stability is bringing greater attention to Colombia's future in the world trading community. A win-win trading relationship is a two way or "doble via" relationship. The Colombian Government's ambitious initiatives to improve competitiveness, increase transparency, ease non-tariff and bureaucratic barriers, reduce corruption, modernize industry and services and double exports are paying off. The Colombian push for competitiveness and export expansion requires Colombian companies to modernize their production facilities and delivery systems. They need to acquire technology, goods, services and know how. -- and why not from the

United States, their most important trading partner?

The passage of the expanded Andean Trade Preferences Act (ATPA) by the U.S. Congress will provide parity with other countries selling products to the United States, particularly in the important clothing sector. ATPA is another step toward the enactment of the Free Trade Area of the Americas (FTAA), now targeted for 2005.

U.S. – Colombia Trade:

Historically, the U.S. is Colombia's largest trading partner, with close to $4 billion in annual sales, or a 32-percent share of the roughly $10 billion Colombian import market. The market is very diversified, as typical of a balanced, industrializing economy, ranging from telecommunications to industrial chemicals to consumer goods to financial and security services. U.S. investments in Colombia are valued at around $4.8 billion, a 28 percent share of accumulated foreign direct investment (not including portfolio and petroleum). Colombia sells over $5 billion in goods to the U.S. annually, notably in coffee, flowers, coal and oil, and clothing.

U.S. technology, goods and services enjoy excellent market receptivity, and are favored for their quality and value for money. U.S. companies willing to look for ways to take advantage of these opportunities through the establishment of trading, partnering and investment relationships with modernizing Colombian entities can succeed.

U.S. trade and project financing, insurance and guarantee programs through such entities as the U.S. Export Import Bank (ExIm), the Overseas Private Investment Corporation (OPIC) and the Trade and Development Agency (TDA) are available in Colombia. Although some infrastructure privatizations were deferred during the recession or because of continuing security concerns, many are still on track and offer low cost/high value opportunities to long-term investors. Most regulatory market openings have been enacted. Telecommunications and information technology absorption is extremely rapid. The energy sector has world-class promise.

Companies experienced in Colombia have adapted to the present uncertainties while maintaining their positioning, investments and personnel in the country. Intrepid firms know that with risk comes opportunity and competitive advantage against the less bold. They are banking on long term economic prosperity and an improved security situation.

Prudent American companies thinking about coming to Colombia should conduct a balanced, pragmatic evaluation of their realistic mid-to long-range business potential, taking into account the short-term uncertainties. If market indicators in their sectors are positive, companies can develop strategies, working with local and international partners, to pursue promising business opportunities in Colombia. It is crucial to acknowledge security concerns. Experienced companies have made contingency plans. Particularly in the resource sectors, where companies have been the repeated targets of guerrilla attack, force majeure clauses and OPIC insurance are used to mitigate risk.

Best Prospect Sectors:

In Chapter V of this report, the U.S. Commercial Service and the U.S. Foreign Agricultural Service at the U.S. Embassy in Bogota identify best prospects for U.S. exports to Colombia. The best-prospect sectors for non-agricultural goods and services include (in order of market size/potential growth): telecommunications services, industrial chemicals, travel and tourism, air cargo services, financial services, automotive parts and accessories, computer hardware and software services, oil and gas machinery and services and petrochemicals, plastics material and resins, telecommunications equipment, electric power systems, safety and security technologies and equipment, food and beverage processing & packaging equipment, medical equipment, apparel, construction and mining equipment, and pollution control equipment. In agriculture, best prospects include: processed food, cotton, wheat, corn, soybean meal, and soybeans.

In summary, although in the short-term, some conditions are worrisome, U.S. firms looking for a mid- to long-term regional positioning should focus on Colombia's comparative potential, competitive advantages, and record of economic stability and growth.

Where to Get Trade Assistance:

For assistance in identifying specific areas of opportunity, and to receive tailored business counseling services, please contact the Commercial Service at the U.S. Embassy in Bogota: Tel: (571) 315-2126/-2298/-1026; Fax: (571) 315-2171/-2190, e-mail: officebogota@mail.doc.gov; websites: http://buyusa.gov/colombia/es; http://usembassy.state.gov/colombia

2. ECONOMIC TRENDS AND OUTLOOK

MAJOR TRENDS AND OUTLOOK

Colombia's economy has demonstrated a high degree of resilience in the face of internal conflict, terrorism and depressed global demand. The Colombian economy grew 1.6 percent in 2001. Forecasters estimate that growth will temporarily decrease in the first semester of 2002, rebounding somewhat in the second semester. Growth estimates fluctuate between 1.4 and 2.2 percent for 2002 and between 1.6 and 3.1 percent for 2003, slightly lower than the government's targets of 2.5 percent and 3.6 percent, respectively. In early 2000, Colombia's economy appeared to be recovering from the deep recession experienced in 1998 and 1999, during which growth rates dropped by 4.3 percent and unemployment skyrocketed to over 18 percent. Measures taken by the Colombian government to lower inflation and interest rates and to relax the exchange band increased the real exchange rate making exports more competitive which led to a 2.8 percent growth in 2000. Growth was somewhat tempered by rising unemployment, which rose to over 19.5 percent by the end of the year. Although unemployment has decreased slightly in 2001 and 2002, it remains one of Colombia's greatest economic problems. Colombian analysts speculate that growth in 2002 may be restrained by security conditions, the struggling coffee sector, increasing foreign debt, and a still fragile world economy.

The Pastrana administration (1998-2002) has sought to promote trade and investment, reduce the fiscal deficit, and solve the country's internal conflict. It reached an agreement with the International Monetary Fund for a $2.7 billion Extended Funds Facility. This agreement expired and the new government will have to decide the nature of its relations with the IMF. The IMF accord entailed commitments to achieve specific macro-economic targets and to seek structural reform legislation, including a reform of departmental and municipal pensions, a broader pension reform, a revenue-enhancing tax reform, and an amendment capping transfer payments to departmental and municipal governments that is currently mandated under the 1991 Constitution. Thus far, the government has been able to pass legislation in all of these areas, except pension reform which is still pending. The peso has stabilized and needed macro-economic reforms have been executed relatively smoothly. However, the consolidated fiscal deficit target of 2.8 percent of GDP as agreed upon with the IMF, could not be met in 2001. Colombia experienced a 3.3 percent fiscal deficit, which led the government to increase tax collections and reduce its spending. The IMF accepted a revision of the target, but the structural reform agenda for 2002 calls for strengthening controls over public expenditures at all levels, an improvement in the finances of the Social Security Institute's (ISS) health services, and the approval by Congress of a second-generation pension reform.

The Foreign exchange rate was relatively stable in 2001. The elimination of the foreign exchange rate band in late September 1999 by the Central Bank, which allowed the peso to float, was an important institutional advancement. Contrary to popular belief, liberalization did not lead to radical fluctuations in the value of the peso. The Central Bank's Board of Directors has maintained a policy to intervene in the dollar market only to control excess volatility of the exchange rate and to aid the accumulation of international reserves. During 2000, the peso depreciated by 19.3 percent, but this trend reversed in 2001 with a mild appreciation of the peso as foreign exchange reserves rose to $10.1 billion. The peso has continued to appreciate between 2001 and the first quarter of 2002 by three percent, but it is expected to depreciate in the second semester of 2002 due to increased military spending and debt service payments, combined with lower imports. Observers expect the peso to depreciate 5.5 percent for 2002 and 8 percent for 2003.

Colombia's single digit inflation in 1999 was in large measure a result of the low level of economic activity. But despite predictions to the contrary, inflation kept decreasing as the economy modestly recovered in 2000. Inflation fell to 8.7 percent in 2000 and 7.6 percent in 2001. Although the official inflation target for 2002 is 6 percent, leading Colombian research centers expect 7.9 percent for 2002 and 5.9 percent for 2003. The Central Bank's monetary policy has successfully lowered interest rates without compromising inflation reduction targets. The Government's agreement with the IMF committed it to reducing inflation and the fiscal deficit, while increasing growth. This scenario can be fulfilled only if fiscal discipline is maintained, economic reforms are passed, and privatizations in the energy and telecommunications sector move ahead. Domestic and international private investment in Colombia over the medium-term, which is vital for sustainable, low-inflation growth, is dependent on improvements in the troubled security climate.

A speculative bubble in 1996, followed by economic recession and a prolonged period of high interest rates, brought major concerns regarding the soundness of Colombia's financial sector. Public and private financial institutions required debt restructuring. Economic emergency measures were adopted in late 1998 to solve the imminent crisis. A tax on financial transactions and relief programs to mortgage debtors were implemented. The Financial Institutions Guarantee Fund (FOGAFIN) organized a restructuring plan and higher provision requirements were established. As a result, the sector began to recover. The ratio of non-performing loans went from 14.2 percent in December 1999 to 9.3 percent in December 2001. After a long period of sustained losses, which had begun to decrease from approximately $1.2 billion in 1999 to $761 million in 2000, the financial sector registered profits of approximately $126 million in 2001. In spite of the recovery, the sector's loan portfolio experienced negative growth rates until the last quarter of 2001 when it turned positive (one percent in real terms). Important changes took place in Colombia's financial sector in the last years. Large foreign investors entered the market and most public financial entities were privatized. The number of financial entities in the market fell from 201 in 1995 to only 130 in 2001.

Despite government efforts which may improve the long-term fiscal picture, debt exposure may be reaching disturbing levels. As of December 2001, public foreign debt rose to approximately $22.6 billion, composed primarily of long-term debt; private foreign debt increased to nearly $16.0 billion. Total foreign indebtedness was 48 percent of GDP. Official foreign reserves were roughly $10.1 billion, or nearly 9.5 months of imports. Nonetheless, Colombia has had continued access to international capital markets. In 2001, it was aided by an innovative policy-based loan guarantee program supported by the World Bank. Historically, Colombia has received an "investment grade" credit rating from the major rating companies due to timely servicing of its international debt obligations. However, in 1999, Standard & Poors, Moody's, and Duff & Phelps downgraded Colombia's debt to "speculative grade," citing Colombia's faltering peace process, increased security concerns, and lagging fiscal consolidation. The rating downgrades had little impact on the secondary market price of Colombian debt, as the move had largely been priced into the market already. Debt had traded at wider spreads than would be indicated by its "investment grade" rating. In May 2000, Standard & Poors downgraded Colombia's short-term rating to "negative," based on uncertainty in the peace process and delayed structural reforms. Foreign investor confidence continued to wane after financial crises unfolded in Turkey and Argentina in early 2001. In April 2001, Moody's increased Colombia's short-term rating to "stable," since Colombia's foreign accounts began to stabilize and the fiscal accounts were moving towards balance. However, most rating companies reiterated that Colombia would not improve its credit rating until it implemented structural reforms, reducing its debt.

PRINCIPAL GROWTH SECTORS/SECTORAL PERFORMANCE

Although the Colombian economy recovered in 2000, growth decreased in the main sectors of the economy during 2001. Manufacturing which had grown at 9.7 percent in 2000, fell by 0.8 percent in 2001. Commerce, hotels, and restaurants grew 2 percent in 2001 versus 5.2 percent in 2000, and the telecommunications, transport and storage sectors grew 3.5 percent. The hard-hit banking sector contracted by 6.4 percent and the mining sector by 4 percent. On the other hand, construction, which had suffered negative growth rates of 15 percent between 1998 and 2000, grew by 3.2 percent in 2001. During the first quarter of 2002, aggregate demand contracted due to a decrease in manufacturing, which currently is growing at one percent, and real appreciation of the peso by three percent versus the dollar. The most dynamic sector in 2001 was construction, which grew by 4 percent during the first quarter of 2002.

Mining and quarrying were the sectors with the worst performance contracting by 9 percent. Hydrocarbon production decreased 12.1 percent, while international oil prices decreased during 2001. Revenues decreased from $4.0 billion to $2.5 billion between 2000 and 2001 due to a 35 percent fall in oil exports and a 14 percent fall in international oil prices. Production from current reserves is beginning to taper off and Ecopetrol has begun to increase exploration efforts. Ecopetrol has signed 485 oil exploration contracts as of the end of 2001, of which 32 were signed in 2000 and 28 in 2001. Ecopetrol expects a minimum of 20 oil exploration contracts will be signed in 2002. In 2001, 1,200 kms were explored and another 1,600 kms have been explored as of May 2002. Nonetheless, petroleum investment is inhibited by the security situation. Guerrilla attacks caused Occidental and Ecopetrol's pipeline (from the Cano Limon oil field in Arauca Department to the Caribbean port of Covenas) to shut down for eight months between 2001 and the first quarter of 2002, impeding growth by approximately $520 million.

Agriculture (livestock, hunting, fishing, forestry and coffee), which accounts for 14.6 percent of GDP, increased 1.5 percent in 2001 versus 5.2 percent in 2000. Government credit relief measures for producers and tax incentives for foreign and local investors in this sector were responsible for positive growth rates between 2000 and 2001. However, growth has slowed and recovery strongly depends on international commodity prices. Coffee, historically Colombia's most important agricultural product, grew only 4.3 percent during 2001 versus 10 percent in 2000, due primarily to deteriorating prices. Recovery of the agricultural sector has been increasingly threatened by Colombia's internal conflict.

Colombia's economic recovery has begun to show signs of weakness. The National Planning Department acknowledges that increasing guerrilla attacks against the country's infrastructure, and a policy of budgetary restraint to reduce the fiscal deficit have affected growth in 2001 and forecasts for 2002. According to the Colombian Statistics Department (DANE) the GDP growth rate fell from 1.3 percent to 0.5 percent between the fourth quarter of 2001 and the first quarter of 2002.

GOVERNMENT ROLE IN THE ECONOMY

The Pastrana administration has generally supported the thrust of Colombia's "apertura" (economic liberalization) begun in 1990-91 under former President Gaviria and continued under former President Samper. To date, sectoral liberalization has progressed farthest in telecommunications, financial services, accounting/auditing, energy and tourism. However, some sectors remain relatively closed, including audiovisual services, legal services, insurance, distribution services, advertising and data processing.

In Colombia, where local public companies have monopolized the telecommunications market, private consortia began to compete with the state telecom in 1995. Service quality has improved with competition, but competitors have faced difficulties in obtaining a larger share of the market, which is still largely controlled by the state company. In June 2001, Congress passed legislation to bring Colombia into compliance with WTO obligations to allow international carrier services. In 1999, the Colombian Congress passed legislation to reform oil royalties, and Ecopetrol revised the terms of association contracts, further opening this sector to foreign investment. Other sectors, in particular agriculture, remain highly protected and have not been subject to further liberalization under the Pastrana Administration. In the financial sector, controls on short-term capital inflows have been abolished.

The mid-1990s saw the privatization of many Colombian seaports, airports, highways, energy projects, telecommunications, and financial institutions. Current Government plans call for the privatization of four major enterprises in the energy and telecommunications sectors, with the goal of raising at least $3.1 billion to help reduce the budget deficit. Delays, because of both legal issues and investor concerns about the security and economic picture, have occurred. In fact, the government has postponed several times the privatization of its 76 percent share in ISAGEN, one of Colombia's largest energy producers. However, senior officials have reiterated their commitment to privatization.

BALANCE OF PAYMENTS

Colombia enjoyed a trade surplus in 2000 of $1.6 billion, significantly higher than the $958 million surplus reported for 1999. However in 2001, Colombia registered a trade deficit of $526 million. Exports decreased by one billion dollars to $12.1 billion (-7.3 percent), while imports increased $1.2 billion to $12.7 billion (+10.2 percent). The fall in exports was largely due to the weak performance of traditional exports, namely oil and coffee. Lower prices and reduced exports affected oil exports, while coffee exports were mainly effected by lower international prices. Although non-traditional exports (i.e. industrial products, chemical products, machinery, textiles, bananas, flowers, gold, emeralds, and plastic products) experienced positive growth rates, this was not enough to compensate for the low levels of traditional exports. The strong peso also led to a reduced competitiveness of Colombian exports as Colombian products became relatively more costly for foreign consumers, while it improved the competitiveness of imported goods. During the first quarter of 2002, coffee and oil exports decreased 22 percent, while non-traditional exports increased 10 percent. Total exports decreased 6 percent in the first quarter of 2002.

Colombia's primary trading partner in 2001 was the United States, which received 42.7 percent of Colombia's exports (down from 49.7 percent in 2000) and provided 34.4 percent of its imports (up from 33.7 percent in 2000). In 2001, estimated U.S. exports (CIF) to Colombia totaled approximately $4.3 billion, up from $3.8 billion in 2000, while imports from Colombia fell to $5.2 billion from $6.5 billion in 2000. The primary exports to Colombia were corn ($172 million), radiotelephone receivers ($139 million), helicopters ($100 million), wheat ($79 million), helicopter and airplane parts ($43.6 million), machinery and equipment ($35 million). The United States principally imported from Colombia crude oil and minerals ($3.2 billion), flowers ($491 million), coffee ($254 million) and certain pigments ($232 million). According to the International Trade Administration, Colombia was the United States' thirtieth largest export market and twenty-fifth largest import market in 2001. The Andean Community countries—especially Venezuela—remain Colombia's other principal trading partners, as well as the E.U. and Japan. Colombia's eight main trading partners (United States, Venezuela, Mexico, Brazil, Germany, Japan, China, Italy and France) provide 68 percent of imports.

INFRASTRUCTURE

Business operations in Colombia continue to suffer from inadequate transportation infrastructure, most evident in the poor quality of roads and bridges. Insecurity in rural areas compounds this factor by increasing the difficulty and risk of commercial and personal transport via the road system. Air transport compensates in some respects; Colombia has one of the densest domestic air route networks in Latin America. Telecommunication infrastructure improved markedly in quality and penetration in recent years, helped by the gradual entry of local and regional competition and increased national cellular coverage. Electrical infrastructure is fairly extensive, although several rural communities remain without electricity. Guerrilla attacks on power generation stations and on transmission lines have caused several blackouts in major cities. Internet access is available in Colombia through the telephone system and in major cities through cable television lines.

3. POLITICAL ENVIRONMENT

BILATERAL RELATIONS WITH THE UNITED STATES

The foreign policy of the administration of President Pastrana, who leaves office in August 2002, has focused on rehabilitating and enhancing Colombia's image as a global and regional player and seeking international political and economic support for its efforts to address its multiple crises. Under President Pastrana relations with the U.S. were greatly transformed for the better after four years of strain under the Samper Administration, during which the U.S. Government twice "decertified" Colombia for insufficient counter-narcotics cooperation, and revoked President Samper's visa because of his links to narcotraffickers. The U.S. government gave full certification to Colombia for narcotics cooperation in 1999 and subsequent years. The U.S. Congress approved major assistance packages in support of "Plan Colombia," an integrated strategy to address its narcotics, security, economic, and human rights/social development problems, and the follow-on Andean Regional Initiative. Pastrana's successor, President-elect Alvaro Uribe, visited the U.S. during his campaign and pledged to give high priority to the two countries' relations.

POLITICAL INSTABILITY—EFFECTS ON BUSINESS CLIMATE

Continued political instability mainly stemming from the Colombian guerrillas' refusal to seriously engage the government in the now abandoned peace process, the high number of politically motivated civilian kidnappings, and other guerrilla and paramilitary terrorism, as well as a high urban crime rate and a negative general security situation, all continue to damage the climate for business in Colombia. Drug trafficking and related corruption profoundly affect much of Colombia's political and economic environment.

In the face of an extremely difficult internal situation and a volatile international economy, the outgoing Pastrana administration can point to a number of important achievements. The economy, after a very sharp contraction, has expanded for the last two years, albeit modestly. His administration worked with the International Monetary Fund to correct dangerous imbalances, obtaining passage of austere budgets. Congress passed a revenue-enhancing tax reform, and a needed cap on revenue sharing ("territorial transfers") with departmental and local governments. A major reform still pending is a thorough overhaul of Colombia's pension system.

For the bulk of his administration Pastrana was firmly committed to his policy of seeking a negotiated solution to Colombia's guerrilla insurgency. Negotiations with the FARC, Colombia's largest guerrilla group, went forward with fits and starts. To encourage talks, a demilitarized zone was created in a sparsely populated area of southern Colombia. However, the FARC continued to mount attacks on Colombian police and military as well as engage in destruction of infrastructure, kidnapping, extortion, and protection of narcotics cultivation. Following the hijacking of a civilian aircraft carrying a prominent politician, Pastrana abolished the demilitarized zone, sending military forces to reoccupy it. Talks with the FARC have broken off.

The government hoped to enter into negotiations with Colombia's second guerrilla group, the Army of National Liberation (ELN), but after a series of contacts, this peace process was also suspended. Hundreds of thousands of small farmers and rural workers have been displaced by fighting among guerrillas, paramilitaries, drug traffickers and government security forces.

On May 26, 2002, Alvaro Uribe was elected to succeed Pastrana. A former Liberal Congressman and

Governor of Antioquia Department, Uribe ran as an independent. He stressed the need for "democratic security," insisting that negotiations with Colombia's guerrilla groups could only take place if these groups would agree to a cessation of hostilities first. Uribe also campaigned on a platform of improved public administration and opposition to corruption.

High levels of economic crime continued to plague business in Colombia. Truck hijackings, contraband importation, counterfeiting of products, kidnapping for ransom, and sabotage all have increased the cost and risk of doing business in the country. Foreign oil companies are particularly subject to extortion, kidnappings and pipeline attacks. Although there has been some labor strife, notably a recently concluded strike at Colombia's largest long distance telephone carrier, low rates of unionization have constrained union militancy.

Colombia is a leader in regional and international organizations such as the Andean Community, the Rio Group, the OAS and the UN and its specialized agencies. Colombia has also been an active participant in the Summit of the Americas process. Colombia currently holds a seat on the United Nations Security Council.

TRADE POLICY AND PROMOTION

From its outset, Pastrana's administration has energetically pursued measures and agreements to promote trade. Pastrana has travelled to Europe, Asia, and the U.S., with trade promotion a major part of his agenda. Renewal and enhancement of the Andean Trade Preference Act, which expired in December of 2001, is a top Colombian priority. Pastrana has called for increased competitiveness on the part of Colombian industry with the ultimate goal of Colombian entry into the North American Free Trade Agreement (NAFTA). Colombia actively participates in negotiations aimed at creation of the Free Trade Area of the Americas (FTAA). The U.S. and Colombia hope to conclude a Bilateral Investment Treaty.

COUNTERNARCOTICS

Colombia produces and distributes more cocaine than any other country in the world and is also an important supplier of heroin. The situation has long been challenging, but has reached crisis proportions in the last few years, with the enormous amounts of money fueling Colombia's long-standing violent internal conflict. The illegal guerrilla and paramilitary groups that "tax" drug traffickers in return for protecting illicit cultivation and narcotics laboratories dominate remote areas where government presence has traditionally been weak.

As part of its assistance to "Plan Colombia," the U.S. government is providing equipment, training, and technical assistance to the Colombian anti-narcotics police and the military to increase their capability to eradicate illicit coca and poppy cultivation and to conduct interdiction operations. The initial geographical focus is in the department of Putumayo in southern Colombia, where a majority of illegal crops are cultivated and where the greatest number of illegal armed groups operate.

In December 1996 the Congress adopted an asset-forfeiture law aimed at drug traffickers, and in February 1997 a law to increase penalties for a number of crimes, including drug trafficking, and to combat money laundering. Progress on implementing the asset forfeiture law has been slow. In December 1997, the Colombian Congress voted to remove prospectively the 1991 Constitution's ban on extradition of Colombian nationals. Since then 48 Colombian nationals have been extradited, most of them on narcotics charges. Over 49 extradition cases are pending approval from the Colombian Supreme Court.

On October 21, 1995, President Clinton signed Executive Order 12978 entitled "Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers." E.O. 12978 blocks all property subject to U.S. jurisdiction in which there is any interest of principal members of major drug cartels, as well as the property and interest in property of persons determined to play a significant role in international narcotics trafficking centered in Colombia or determined to materially assist in, or provide financial or technological support for or goods or services in support of, the narcotics-trafficking activities of persons designated in the Order. It is illegal for U.S. persons to buy, sell, trade, give away or otherwise engage in transactions involving persons and companies designated pursuant to the Order (who are referred to as SDNT's—Specially Designated Narcotics Traffickers). This list has been updated on several occasions. A list of the names of such persons and companies is available from the Office of Foreign Assets Control/OFAC, Department of the Treasury, Washington, D.C. 27220, Tel: (202) 622-2520, from the U.S. Embassy or via the Internet at the following address: http:\www.ustreas.gov\ofac.

HUMAN RIGHTS

As noted in the Department of State's annual report, serious problems remain in the area of human rights, especially with regard to political and other extra-judicial killings. The internal armed conflict and narcotics trafficking are the central causes of violations of human rights and humanitarian law. Government security forces rarely violated international humanitarian law, and their performance has improved dramatically in recent years. Paramilitary groups and guerrillas committed the great majority of abuses which included massacres, targeted assassinations, indiscriminate attacks on civilians, torture, and kidnapping. The Colombian Government has adopted laws and implemented reforms in the judiciary, police and military to abate human rights problems. Colombia ratified the Second Protocol to the Geneva Conventions regarding human rights safeguards in internal civil conflicts in 1994 (the Constitutional Court upheld the ratification in a 1995 decision.) The Pastrana administration has taken action against alleged human rights violations by military personnel, and reformed the military penal code so that allegations of forced disappearance, genocide, and torture are tried in civilian, not military courts.

OVERVIEW OF POLITICAL SYSTEM

Colombia is a constitutional democracy with a bicameral congress and separate executive and judicial branches. Laws promulgated in Congress and administrative action taken by the Presidency are subject to the 1991 Constitution. The President and Vice-president are elected by direct vote for a four-year term, which cannot be renewed. The country is divided into 32 departments plus the city of Bogota, represented according to population in the House of Representatives (although members do not represent specific districts therein). Senators are elected on a nation-wide basis, and therefore also do not represent specific districts. The judicial branch features a separate "Prosecutor General" ("Fiscal") and Inspector General ("Procurador"); both are independent of the government executive.

Notwithstanding Colombia's traditional commitment to democratic institutions, its history has been plagued by violence. This situation has been exacerbated by the government's lack of permanent presence in vast rural zones of the country. Guerrillas, paramilitary groups, and drug traffickers often have filled the resulting vacuum.

The 1991 Constitution was intended to improve the political system and upgrade social and individual rights. It created the Office of the Prosecutor General ("Fiscalia") and the basis for a more aggressive prosecutorial system of criminal justice, as well as the right of "tutela," a legal resource for citizens to appeal to the courts in defense of their constitutional rights. The Constitution also opened the way for decentralization of government by elections of regional officials, who previously were appointed. However, implementing these and other multifaceted constitutional reforms has been difficult. Legislators, the executive, and the courts often promote their own interpretations of both the spirit and the letter of the Constitution.

Traditionally, the Liberal and Conservative parties have been the backbone of Colombian democracy, alternating in power. After twelve years of Liberal rule, Conservative Andres Pastrana took office in

1998. However, Alvaro Uribe's victory as an independent in this year's election, may mark a change in Colombia's political development. In the March Congressional elections, independents also fared well.

4. MARKETING U.S. PRODUCTS AND SERVICES

DISTRIBUTION AND SALES CHANNELS

Colombia offers a full range of sales channels to consumers, with various distribution methods depending on the type of product offered. These methods range from traditional ones in which wholesalers sell to traditional shops which then sell to the public, to more sophisticated methods, such as large department stores and hypermarkets, which have rapidly gained popularity. Street vendors and vendors in trucks also sell products door-to-door.

The high cost of importing necessary products such as capital equipment, raw materials, and consumer goods, however, has led Colombian importers to seek a range of alternatives. CIF duties, the 16 percent value-added tax (VAT), and other surcharges significantly raise the cost of imported products. While most imported items, especially capital equipment and raw materials are still purchased through agents and distributors, some large domestic manufacturing companies import most of these items directly. Furthermore, some major distributors, wholesalers and end-users are opening purchasing offices and warehouses in the United States and contacting suppliers and manufacturers via the Internet, thus avoiding intermediaries in Colombia.

Consumer products from countries worldwide are available in Colombia, but many enter the country as contraband. Although an increasing percentage of these products are imported legally, a significant amount comes in through as open and technical contraband which is a major problem, especially with respect to consumer goods. This high level of contraband can be attributed, in part, to the high cost of importing. The Colombian government has attained encouraging results in its effort to reduce contraband.

USE OF AGENTS AND DISTRIBUTORS: FINDING A PARTNER

Today's range of modern communications has eliminated numerous barriers and created new import methods, yet many Colombian companies still prefer to deal with an established local agent or distributor. If a U.S. company does not wish to establish its own sales office in Colombia, it is advisable to seek a local agent or distributor. The U.S. Commercial Service (CS) at the U.S. Embassy in Bogota recommends that U.S. companies seeking agents, distributors or representatives in Colombia consider the broad range of CS-offered services developed to help U.S. firms enter new markets. These services include the International Partner Search, Business Facilitation Service, the Video Gold Key Matching Service and the Gold Key Matching Service/GKS, in addition to the newly introduced BuyUSA.com and BuyUSA Website services. The GKS, a CS-organized appointment schedule for visiting U.S. Company representatives, has proven to be particularly effective for this market. It is also advisable that companies order an International Company Profile or other credit report before entering into business arrangements with a new business partner.

CS Bogota also prepares a full range of sector reports, i.e., Industry Sector Analyses, Customized Market Analyses, flexible and customized market research, and International Market Insights. These reports and sector market briefs are available through our websites, at http://usembassy.state.gov/colombia and www.buyusa.gov/colombia. Many of these reports contain lists of potential businesses and other important sector-specific contacts.

Foreign firms interested in exporting to Colombia's private sector are not required by law to secure local representation. For sales to the government, however, whether direct or through international tenders, Colombian law requires that foreign bidders have legal representation in Colombia. Representation and distribution agreements are regulated by the Colombian Commercial Code. An agent or representative differs from an appointed distributor. The former is legally associated with the principal and may enter into legal agreements on the principal's behalf, while the latter may act totally independently from the principal. Distributors may purchase items from a foreign supplier, wholesaler or jobber, and then sell them locally at their own discretion and risk.
When negotiating agreements and contracts, one should focus on formality, personal relationships and trust. Colombians want to know their supplier or partner personally before deciding whether he or she is trustworthy. For the period 2002-2003, the Colombian market, which encourages foreign investment and international trade, offers good business opportunities for U.S. companies, assuming current economic conditions do not deteriorate.

Securing an agent, representative, or distributor in Colombia requires a contract that meets the provisions of the Colombian Commercial Code. This contract must be registered with the chamber of commerce where the agent/representative is located. Agency or representation agreements do not require government approval.

To terminate an agency or representation agreement, either party can provide written notice thereof 90 days prior to the scheduled termination. Unless the agreement states otherwise, upon termination, the agent or distributor is entitled to indemnity. The agent or distributor shall receive from the contracting firm an amount equal to one-twelfth of the average annual commissions, royalties, or profits earned by the agent over the last three years multiplied by the number of years the agreement has been in effect. In addition, the agent or representative may unilaterally terminate the agreement "for cause" and is thus entitled to indemnification, which is decided by a board of public officials and non-governmental representatives. Justifications for termination "for cause" include:

- Lack of fulfillment by either party of its contractual obligations.

- Any act of omission by either party affecting the interest of the other party.

- Bankruptcy or termination of activities of the company or agent/representative.

Other ways to explore opportunities and make contacts in the Colombian market are to participate in trade missions, trade shows, matchmaker services or virtual events in Colombia. Also, CS Bogota recommends that U.S. firms visit U.S.-based trade shows that Colombian buyers attend. For additional information on these programs contact the U.S. Export Assistance Center (EAC) nearest you, or the U.S. Commercial Service at the U.S. Embassy in Bogota, Colombia - E-mail: Bogota.Office.Box@mail.doc.gov. You can also access www.buyusa.gov/colombia or www.usatrade.gov/website.

Through the CS worldwide video network and virtual platforms, CS Bogota, in conjunction with the Department of Commerce's Export Assistance Centers, can arrange videoconference sessions between U.S. firms and prospective customers in Colombia.

PROHIBITION AGAINST DOING BUSINESS WITH SPECIALLY DESIGNATED NARCOTICS TRAFFICKERS(SDNTS)

On October 21, 1995, President Clinton signed Executive Order 12978 entitled "Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers," which blocks all property subject to U.S. jurisdiction in which there is any interest of members of the various Colombian drug cartels. In addition, the order blocks the property and interest in property of persons who have been determined to play a significant role in international narcotics trafficking centered in Colombia or determined to materially assist in or provide financial or technological support for, or goods or services in support of, the narcotics trafficking activities of persons designated in the Order. It is illegal for U.S. citizens to buy, sell, trade, give away or otherwise engage in transactions involving persons and companies designated pursuant to the Order, who are referred to as SDNT's (Specially Designated Narcotics Traffickers). A list of the names of such persons and companies is available from the Office of Foreign Assets Control (OFAC), Department of the Treasury, Washington, D.C. 27220, Tel: (202) 622-2520, or via Internet: http://www.ustreas.gov/treasury/services/fac/fac.html

U.S. companies and individuals doing business in Colombia should be aware of the above Executive Order aimed at curtailing the money laundering operations of the Colombian drug cartels. SDNTs include entities or individuals directly involved in the drug trade, companies or front companies they own, and companies or individuals which supply or do business with any of the preceding. U.S. companies found doing business with SDNTs will be notified by OFAC to cease and desist. Failure to do so can result in financial penalties and criminal prosecution. Most established Colombian companies are not involved in the drug trade. Nonetheless, in addition to doing financial background checks on potential business partners, U.S. companies should also contact OFAC to obtain the most current listing of SDNTs.

DIRECT MARKETING

Direct marketing is rapidly gaining popularity in Colombia. Its growth has been fueled by such factors as technological advances in printing and distribution, an increased use of credit cards and changing lifestyles. Also, more women are entering the job market and seeking ways to save time in making household purchases. Many stores and large distributors are producing their own catalogs for either phone, mail orders, e-mail or the web with products that can be paid for with cash, check, or credit cards.

E-commerce is a recently introduced marketing alternative. CS Bogota suggests that U.S. companies obtain legal advice before entering into e-commerce sales or contractual agreements.
Internet and catalog sales in Colombia are growing rapidly. Although on-line shopping has not spread as quickly as in other countries, courier services are available for legal credit card purchases in the U.S. to be shipped to addresses in Florida and then on to Colombia. International direct marketing is growing in Colombia. U.S. firms can take advantage of improved legislation on postal, express or courier shipments. The July 2000 Colombia Customs Code contains Postal and courier shipping rules. Certain postal shipments (correspondence, postcards, and printed materials) are exempt from licensing requirements and payment of duties. Courier or express shipments with a value of less than $1,000 and a weight of under 20 kilograms are freely imported and classified under HS 98.08.00.00.00, but are subject to a 10 percent CIF tariff and 16 percent VAT on the CIF-duty-paid value of shipments. Rules apply to both air and surface shipments.

Many Colombian companies already offer catalog order services from well-known chain stores or wholesalers in the United States for home delivery. This procedure is practical for orders under $1,000 in accordance with the above mentioned custom clearance rules. A few imported products are marketed directly through the Internet, and cable and satellite TV sales promotions. Legally established firms in Colombia take orders and make home deliveries of these products.

FRANCHISING

Franchising is gaining importance in Colombia as a business development and marketing system. As a non-traditional method of doing business, it showed moderate growth during the eighties. It flourished during most of the nineties but then slowed during the recession of 1997 to1999. For the period 2001-2003, the Colombian market, which encourages foreign investment and international trade, offers good business opportunities for U.S. companies in the franchising sector, assuming current economic conditions remain positive.

Relationships between franchisers and franchisees are regulated by the terms of freely negotiated contracts, provided that they are consistent with the Colombian Commercial Code and the applicable legal framework. Emphasis is given to the clear description of the parties' mutual rights and

responsibilities. Competent legal advice is essential during all steps of a franchising negotiation.
U.S. fast food companies were the franchising pioneers in Colombia. Today, fast food is the largest franchising sub-sector with internationally known names such as Pizza Hut, McDonald's, Domino's Pizza, Taco Bell, Yogen Fruz, Subway, Jeno's Pizza, and Kentucky Fried Chicken. This year, entering the market are JMark Foods Corp. and most recently Howard Johnson with a 20-room boutique style hotel. Franchising companies also have been successful in other sectors. Such companies include Postnet, Future Kids, Heel Quick, and Sir Speedy. Worldwide known brands or apparel labels also are being produced in Colombia under franchising, "maquila" or licensing agreements.
Currently, the 80 Colombian and foreign franchising companies generate approximately 11,000 direct and 45,000 indirect jobs through approximately 1,200 outlets. Trade associations and universities offer franchising education seminars and organize trade events. Colombians enthusiastically welcome this business practice that offers a certain assurance of successful business operation derived from following the standards, using the state-of-the-art technology, and tapping into the know-how of an experienced and successful franchiser.

Most prospects found in the franchising sector are fast food restaurants and small convenience stores, especially if they can fit within the infrastructure of gas stations. Other best prospects are Internet cafes and institutes for teaching English as a second language. However, the Colombian market seems to be saturated with these types of franchises.

The United States is the franchise leader in Colombia with an estimated 60 percent market share. Colombia is second with 30 percent, and other countries total about 10 percent. The Colombian business community's knowledge of and confidence in U.S. business practices, Colombians' preference for the American lifestyle, the geographical proximity of the two countries (reduced costs of training trips, equipment transportation, etc.) represent good opportunities for U.S. companies interested in the domestic franchising market.

U.S. companies interested in the Colombian market should contact CS Bogota directly to discuss the Commercial Service's Franchise Partner Search Service. In addition, companies could place creative ads in publications with domestic broad distribution. COINVERTIR, a Colombian government institution that promotes investment in Colombia is another good contact for finding prospective partners and franchisees. Key trade and industrial associations, including the National Federation of Merchants (FENALCO) and the National Association of Industrialists (ANDI) can also provide important contacts.

E-COMMERCE

E-commerce development prospects are promising in Colombia, since its congress approved Law 527 in August 1999, followed by Decree 1747 of 2000 which regulates electronic commerce activity. The U.S. and Colombia also have signed an e-commerce agreement that emphasizes open and fair e-trade. International e-commerce is shifting the balance of commercial power from the supplier to the buyer, who now has the ability to make an instant choice among globally available products.

E-commerce has reached a stage in which it is critically important to agree on international standards in the areas of electronic signatures and authentication to avoid the emergence of discordant standards as to what constitutes a "digital signature" or what constitutes valid certificates in different jurisdictions. Decree 1747 of 2000 regulates Law 527 of 1999 and establishes rules on certification entities, certification and/or certificates, and digital signatures. The Superintendence of Industry and Commerce has been given full responsibility on authorizing certification entities, carrying out their inspection and control, and on imposing necessary penalties. It also oversees that they comply with the law. Guaranteed security is a critical factor for consumers considering an online transaction.

E-commerce will add a new dimension to the Colombian business community. Since no web-site is an island, however, both Internet and e-commerce providers must operate within the existing and future technological and regulatory environment. Web Access Ports and multi-standard mobile solutions are some of the worldwide "state-of-the-art" technologies that will come to Colombia, launching solutions that allow mobile access to financial information and brokerage services via mobile terminals.

JOINT VENTURES/LICENSING

The opening of the economy to foreign competition in 1991 created a pressing need for a range of new technologies in Colombia. Although joint ventures and licensing agreements have been important business practices in Colombia, they have become even more important recently as businesses strive to become more competitive. To improve the Colombian investment climate, foreign investment laws were revised between 1996 and 1999, and more recently, to facilitate joint ventures and other forms of investment. In 2000, Article 58 of the Colombian Constitution was also revised to permit financial indemnity to both national and foreign individuals, and companies that may be affected in cases of administrative property expropriations by the Colombian government. (See Chapter VII – Investment Climate Statement– for specifics on the legislation on foreign investment in Colombia).

Leasing is playing an important role in developing and modernizing domestic industry, including several joint export-oriented units. Colombian industry urgently needs to modernize many of its processes (which implies product diversification for alternative markets through changes in production facilities) and to upgrade obsolete equipment. To reach these goals, Colombia needs to acquire new capital equipment and state-of-the-art technology.

Leasing is also an important mechanism utilized in Colombia for productive financing, as reflected in the amounts of the total portfolio market of the financial sector. The importance of leasing is also reflected in the formation of gross capital assets. One of the essential characteristics of leasing, as a financial service within the framework of the Colombian economy, is that it is an adequate tool for investment financing under industrial re-conversion policies.

ESTABLISHING A BUSINESS

The most common forms of business in Colombia are corporations, limited liability partnerships, and branches or subsidiaries of foreign corporations. The process of establishing a business in Colombia can be long and complicated. For example, it could take two months or more and involve a minimum of seventeen different steps depending on the sector of the economy, e.g., food processing. However, the Bogota Chamber of Commerce, with the sponsorship of the Interamerican Development Bank/IDB and several Colombian public and private entities, has initiated a program to simplify the process of setting up a business in Colombia. CS Bogota advises U.S. firms to obtain legal advice from a Colombian law firm or accounting firm. A list of attorneys and accountants is available from the U.S. Commercial Service of the Embassy.

1. Local Corporation (Stock Company): This is similar to a U.S. corporation. There must be at least five shareholders; they are liable for the corporation's debts up to the amount of their respective capital contributions. The company issues nominative share certificates negotiable in the stock market. At the time of incorporation at least 50 percent of the authorized capital must be subscribed and at least 33 percent paid in.

2. Limited Liability Partnership: This is a limited company with two to 25 partners, who are liable up to the amount of their contributions. Capital must be fully paid in at the time of incorporation and must be divided into equal quotas or value units, assignable according to the terms specified in the bylaws and in applicable legislation.

3. Branch of a Foreign Corporation: A branch operates under the rules applicable to Colombian corporations. Its liability is limited to assigned capital. It must be registered with a Notary Public in its place of domicile. The following documents also must be registered with the Notary Public:

copies of its incorporation document, its bylaws, the resolution or act agreeing to the establishment of the branch, and documents evidencing its existence and legal representation.

A foreign corporation registering in Colombia no longer requires prior authorization from the National Planning Department. The following documents, however, must be presented to the local chamber of commerce:

- Documents of incorporation and the bylaws of the foreign corporation;

- Resolution from the board of directors of the home office authorizing the opening of a branch in Colombia, with details regarding capital assigned to the branch and the initial appointment of officers and statutory auditors;
- Certificate from the chamber of commerce at the intended domicile of the branch to the effect that extracts of the documents mentioned under paragraph one above have been registered;

- Statement from the chamber of commerce that the official books have been registered and identified; and

- Certificate from the manager and the statutory auditor that the capital assigned to Colombian operations has been paid in accordance with legal requirements.

The above documents require authentication or notarization by a Colombian consulate abroad, the Ministry of Foreign Affairs, and a local chamber of commerce. If the documents are found to be in order, the Superintendence of Corporations, the Banking Superintendence, or the Superintendence of Industry and Commerce (as the case may be) will issue the corresponding permit to initiate operations in Colombia.

All companies (including branches of foreign companies domiciled in Colombia) must register themselves and their accounting books, minutes, and other required documents by law in the Commercial Register of the chamber of commerce in the cities where they are located.

SELLING FACTORS/TECHNIQUES

The United States traditionally has been Colombia's main trading partner as it is a “natural” market for U.S. products and services. In 2001, Colombia ranked 31st worldwide among importers of U.S. products. Among the factors favoring U.S. exports are: the geographic proximity of the two countries; most Colombians who study abroad prefer to study in the U.S.; the large number of U.S. firms operating in Colombia; and the technological leadership that the U.S. maintains in many key industrial sectors.

The United States has the largest market share of Colombian imports, at approximately 35 percent in 2001. U.S. suppliers should be aware, however, that their ability to compete in Colombia could be hampered by unfair business practices such as contraband, counterfeiting, intellectual property rights violations, under-invoicing, money laundering, and dumping. If a company has specific concerns, it should check with the Commercial Service, U.S. Embassy Bogota.

Quality, profitability, functions, financing, and price play an important role in the buying decision. The after-sales service arrangement is significant, not only in the original buying decision, but also in maintaining the sales relationship. U.S. suppliers must either have their own representative with adequate operations or obtain a Colombian representative who can offer sufficient after-sales service.

Traditionally, sales in Colombia depend on personal relationships. Thus, it is advisable to have local representation that can establish the personal contacts that tend to foster confidence in a firm's ability to supply the needed services, parts or components. To obtain better prices, guarantees, parts, and after-sales servicing, Colombians prefer to deal directly with manufacturers rather than through outside representatives, jobbers, or trading companies. Regarding major projects, the earliest possible involvement by U.S. firms in Colombia's upcoming major infrastructure programs are of the utmost importance. U.S. manufacturers and construction, service and engineering companies should initiate contact as soon as possible with government entities and private firms, which have indicated plans, or even just interest, in developing projects. Once a project has gone to tender, it is usually too late to be competitive if the supplier company has not already in some way become involved. As mentioned in the section "Selling to the Government" (below), a local agent or legal representative is required for all government contracts. Therefore, U.S. companies interested in government procurement or contracts should appoint an agent or representative as quickly as possible.

ADVERTISING AND TRADE PROMOTION

The introduction of new consumer products to the Colombian market usually requires an extensive advertising campaign. Companies' marketing strategies frequently include media ads, and printed technical and sales articles in a combination of media -- radio, television, newspapers, periodicals, trade magazines, and the Internet-- announcing sales and special offers.

As a major entertainment form for Colombians, television is also one of the most effective media for advertising in Colombia. The average Colombian upper middle class family has two or more television sets; even most low-income families living in both urban and rural areas have at least one set.

Some companies also are effectively using a variety of marketing techniques to promote consumer products, including giving discount coupons. Credit card holders also are entitled to market promotions and discounts, as well as subscribers to some newspapers, magazines or cellular services. Promotional seasonal "sales" have also become popular in Colombia throughout the year, usually on special holidays such as Valentine's Day (which is a different day in Colombia than in the U.S.), Father's Day, Mother's Day, etc.

Colombia has about 30 important daily newspapers (the three principal daily papers are in Bogota) and a large number of trade and business papers and magazines. There are five nationwide television networks (three government-owned and two private), ten regional TV networks (state-owned), 440 AM and 332 FM radio stations, and twelve private local cable TV companies servicing more than 300,000 subscribers.

With the exception of one station owned by the Government, radio broadcasting is dominated by the private sector, 564 community radio stations are officially registered with the Ministry of Communications. The government-owned radio and TV stations are controlled by the government through INRAVISION (an associate government agency) and the regional stations by some of the largest municipalities.

Newspapers and Periodicals:
EL TIEMPO
EL ESPECTADOR
LA REPUBLICA
PORTAFOLIO

Magazines:
LA NOTA ECONOMICA
CAMBIO
DINERO
SEMANA
BUSINESS COLOMBIA

Also available is a great variety of business, industrial and trade publications from most Colombian industrial and trade associations and private publishers. (See Chapter XI: U.S. and Country Contacts - Media in Colombia - for addresses of major newspapers and periodicals, television and radio stations).

PRICING PRODUCTS

Colombian consumers buy many imported products, but the cost of importing can be high. In general, consumers pay between 80 percent and 120 percent above the FOB price of imports. The landed price of most consumer goods with local production is calculated by estimating 10 percent of the FOB price for freight & insurance, warehousing and other documentation costs, 20 percent CIF import duty, plus a 16 percent value-added-tax/VAT (assessed on the CIF-duty-paid value of imports), thus putting their price at an additional 53 percent over the FOB price.
Additional import costs for capital goods and raw materials are much less (between 35 percent and 50 percent) with import duties for these items of between zero percent and five percent for capital goods, and 10 percent to 15 percent for raw materials. Profit margins for equipment and raw materials are considerably less than for consumer goods, which may reach 40 percent. Besides import costs, financing, inflation, and peso devaluation levels are factored into suggested retail prices. Local manufacturers usually mark up items from 15 percent to 35 percent and wholesalers add an additional 15 percent to 25 percent.

Supermarkets and department stores often establish profit margins of 30 percent to 40 percent (which fluctuate when the product is supported by a good advertising campaign). Hypermarket margins may be less because of their wholesaler characteristics and because most of their promotional campaigns are aimed at institutional entities, small convenience and grocery stores, and other small retailers. Department stores and supermarkets extend concession contracts to individuals and companies by permitting promotional space in their facilities to promote and sell consumer goods. These promotions include both known and unknown labels, and the goods are offered at discount prices in most cases. If the products are unknown in the market, the department stores or supermarkets may place them in the stores on a demonstration basis for a given period of time and will only place new orders if the products are well accepted by the public and sell relatively quickly. The largest supermarkets also carry their own labels at discount prices.

Suppliers to large store chains, supermarkets, and hypermarkets must provide certain guarantees on the continuity of products offered to avoid foreign surplus stock or remnants entering the Colombian market (i.e., foodstuffs, textiles, apparel, appliances, etc.). Imports of old or used clothing, closeouts, irregulars, off-season or expired merchandise is prohibited.

SALES SERVICE/CUSTOMER SUPPORT

After-sales service and customer support is a decisive purchasing factor in Colombia. Government and private firms often request that their potential suppliers provide testimonials regarding satisfaction of other clients with equipment and after-sales service. A common practice among Colombians is to ask friends and relatives about their experience with a given product before making a purchasing decision.

Warranty imports is an important factor that supports after sales service in Colombia. Warranty imports including replacement parts and components under warranty by a foreign manufacturer or supplier are exempted from the payment of Colombian import duties. Decree 2685 of December 28, 1999 is the new Colombian Customs Code that took effect on July 1, 2000. Per Section IV, Article 141 of this Code, all merchandise or goods that have been repaired abroad or new ones that will replace items previously exported because they were found to be damaged, imperfect, having malfunctions or with an unsuitable end-use, and are under warranty by a foreign manufacturer or supplier, may be imported into Colombia without the payment of import duties.

All original import and re-export documentation should be kept and presented with replacement imports to clearly identify goods, together with a valid warranty document, transport documentation, etc. A warranty import process must be completed and import declaration documents presented within a maximum of one year from the date the items subject to repair or replacement were exported.

In some instances, Colombian Customs may authorize the importation of replacement goods without the requirement of having previously exported the damaged goods or parts for replacement and/or repair. However, Customs will require a surety or warranty bond equivalent to 100 percent of custom duties paid, valid for one year from the date replacement goods are being imported. This would ensure that damaged goods would then be exported within the following month from the date replacement goods was re-imported.

Article 141 does not mention replacement parts - it refers to goods or products. However, the Customer Services Division of Colombian Customs has confirmed that this article covers all procedures for warranty imports including replacement parts and components. When processing damaged parts exports and replacement parts imports, the parts must be precisely identified, i.e. description of the items, their serial numbers, reference, etc.

SELLING TO THE GOVERNMENT

Government entities, institutes, industrial and commercial enterprises must follow the provisions of Law 80 of October 31, 1993 which regulate purchases made and contracts entered into by the government and state industrial and commercial enterprises.

Under Law 80, Colombian government contracting agencies must select contractors through a public competitive bidding process. There are a few exceptions to this rule, which are clearly established in Article 24 of Law 80. Some of the exceptions under which a direct contracting procedure is allowed are:

- Contracts for minor amounts minor amounts are expressed in multiples of the established Colombian legal minimum monthly salary (currently about $135). A minor amount may range from 25 minimum monthly salaries to 1,000 minimum monthly salaries, depending on the annual budget of the contracting entity. For instance:

- (1) if the annual budget of the contracting entity is less than or equal to 6,000 minimum monthly salaries, under direct contracts it is allowed to acquire goods and services that do not exceed 25 minimum monthly salaries in value;

- (2) if the annual budget of the contracting agency is equal to or exceeds 1,200,000 minimum monthly salaries, under direct contracts it may purchase goods and services that do not exceed 1,000 monthly salaries in value;

- loan agreements: inter-agency administrative contracts; professional, scientific and technological services; and evident emergencies; and

- whenever bidding is not awarded for reasons such as: a lack of proposals; when the bids do not meet the terms of reference or specifications; when there is only one bidder; when products originating in or destined to agriculture or livestock breeding are offered through legally organized commodities exchanges; and in contracts executed by state (government) entities for the rendering of health services.

Foreign individuals not domiciled in Colombia or foreign private legal entities without a branch in Colombia that are interested in government contracts must provide a copy of their registration with the corresponding registry in their country of origin. They must also submit documents proving their existence and incumbency, whatever is the case. In addition, they must appoint an agent or legal representative, domiciled in Colombia, which is duly authorized to bid on and execute the contracts as well as to represent the foreign enterprise in and out of court.

Under Law 80, Colombian bidders enjoy preferential treatment. Given equal contracting conditions, domestic goods and services are preferred. The current administration has strongly recommended that all-official entities, and decentralized government industrial and commercial organizations "buy Colombian." All Colombian government acquisitions preference also must be given to Colombian products and services, versus "foreign" products and services whenever competitive prices and quality are found. The same procedures must be followed in connection with concession and association contracts signed with Colombian government entities. When foreign firms bid under equal conditions, the contract is awarded to the firm that includes a greater number of domestic workers in its workforce, more domestic content in its products, and better technology transfer conditions.
As a general rule, all individuals and legal entities wishing to enter into contracts with state entities must register with the chamber of commerce in their jurisdiction in order to be qualified, classified, and rated in accordance with the provisions of Law 80. Foreign bidders and/or suppliers of equipment and services are also required to register with a Colombian chamber of commerce under the so-called "Registro Unico de Proponentes" (Bidders Register). In most instances, they must be pre-classified and pre-qualified by the chamber and, in some cases, by the Colombian government contracting agency.

The requirement for both the "Bidders Register" and the "Merchants Register" with a local chamber of commerce is to be replaced by a "Sole Entrepreneurial Register" (Registro Unico Empresarial/RUE) effective as of January 1st, 2003 (postponed from June 1st, 2002), which comprises a more complete profile on all business people, businesses, enterprises, contractors and bidders for qualifying for executing contracts with government entities.

A new system known as SICE/Sistema de Informacion de Contratacion Estatal (State Contracting Information System) is a database that was introduced May 1st, 2002. Its purpose is to register and obtain a certificate for all foreign and domestic suppliers of all types of commodities and services, their products and prices in order to be able to enter into contracts with state agencies and industrial and commercial enterprises. One can also register via Internet in accordance with CUBS/Catalogo Unico de Bienes y Servicios (The Sole Catalog of Goods and Services) which is a listing of goods and services classified, standardized and codified with the products that may be acquired by government entities. Registration is subject to a minimal fee. SICE is expected to become a database with 3,000 municipal, state and national entities and more than 100,000 suppliers. For additional information on SICE and on registering, interested parties can access the following web sites: www.sice-cgr.gov.co; www.contraloriagen.gov.co; and www.telecom.com.co.

Although Law 80 has made the government contracting system more dynamic, Colombia is still not a signatory (it acts as an observer) to the WTO (World Trade Organization) government procurement code. There have been frequent complaints of a lack of transparency in the letting of major government contracts. The RUE and SICE systems explained above are expected to become useful tools for better transparency in the process of contracting with government entities. The Colombian government and congress are also studying possible changes to be introduced to the contracting statute.

CERTIFICATE OF RECIPROCITY

The Colombian Government procurement statute seeks to establish simple procedures based on the principles of transparency and objective selection. It provides equal treatment to foreign companies on a reciprocal basis and eliminates the twenty-percent surcharge previously added to foreign bids. Although liberal, the procurement statute impedes complete access by imposing a requirement for certifying reciprocity. The principle of reciprocity embodied in Law 80 ensures national treatment under the same conditions for Colombian bidders in other countries. The U.S. Government is unable to provide such a certificate, as each of the fifty U.S. states acts as a separate commercial jurisdiction. The Department of State provides a certificate that U.S. companies may offer in lieu of a statement certifying reciprocity.

Certificates can be obtained from the Political/Economic section of the U.S. Embassy in Bogota. Companies requiring this document should be prepared to provide the following information: their company name, tender name, tender number, name of the Colombian entity letting the tender and the general purpose of the tender.

PROTECTING YOUR PRODUCT FROM IPR INFRINGEMENT

See Chapter VII: Investment Climate Statement - Protection of Property Rights - for a detailed discussion of these issues.

NEED FOR A LOCAL ATTORNEY

U.S. companies bidding on major government, or even private sector, projects/procurement and those entering into joint ventures or other long-term contractual arrangements should seek legal advice. Also, companies that are concerned about the protection of intellectual property such as trademarks, copyrights and patents should also seek legal counsel before entering the Colombian market.

There are a number of good Colombian law firms that specialize in various aspects of commercial law. A number of major U.S. firms who operate internationally have affiliate arrangements in Colombia. The U.S. Commercial Service of the U.S. Embassy in Bogota can provide a list of attorneys upon request.

5. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENTS

A. BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES

1. TELECOMMUNICATIONS SERVICES (TES)
2. INDUSTRIAL CHEMICALS (ICH)
3. TRAVEL AND TOURISM (TRA)
4. AIR CARGO SERVICES (AVS)
5. FINANCIAL SERVICES (FNS)
6. AUTOMOTIVE PARTS AND ACCESSORIES (APS)
7. COMPUTER HARDWARE AND SOFTWARE SERVICES (CSV/CSF)
8. OIL AND GAS MACHINERY AND SERVICES (OGM/OGS) AND PETROCHEMICALS
9. PLASTICS MATERIALS AND RESINS (PMR)
10. TELECOMMUNICATIONS EQUIPMENT (TEL)
11. ELECTRICAL POWER SYSTEMS (ELP)
12. SAFETY & SECURITY TECHNOLOGIES AND EQUIPMENT (SEC)
13. FOOD & BEVERAGE PROCESSING & PACKAGING EQUIPMENT (FPP)
14. MEDICAL EQUIPMENT (MED)
15. APPAREL (APP)
16. CONSTRUCTION AND MINING EQUIPMENT (CON/MIN)
17. POLLUTION CONTROL EQUIPMENT (POL)

1. TELECOMMUNICATIONS SERVICES (TES)

Business Prospects in all information technology sector (IT) and Internet-related applications including telecommunications services, are expected to grow in Colombia. Additional users create demand for a wide variety of network and telecom-related services, including electronic commerce and network security. In the mid-term, business-to-business transactions are expected to comprise the majority of electronic commerce.

The market is serviced by 39 basic telephony companies, three cellular, four long distance carriers, 22 satellite transmission operators, 150 value-added service providers that include trunking/paging, 80 Internet, community, private and switched data networks, radio messages and other related services.

Telecommunications Services in Colombia:

Internet: Colombia is the fourth largest Internet market in Latin America, with approximately 600,000 Internet accounts and 1.5 million end-users. Internet use has increased considerably as a result of the Connectivity Agenda program of the government, that promotes widespread access to information infrastructure. Under this program, the government is implementing information technology training programs, establishing flat telephone rates for Internet use, granting temporary tax exemption for computers. It issued a mandatory e-government policy (201 central government entities were on line by the end of 2001), and encouraged the productive sector to use IT to increase competitiveness.

Network Access Point (NAP): This is the first wireless portal initiative in Colombia and the Andean region, and the second in Latin America (after Argentina). Established in 1998, this initiative is the alliance of 12 domestic Internet service providers, led by the Camara Colombiana de Teleinformatica (CCIT), and supported by multinational equipment manufacturers and service companies. This group supplies 80 percent of the Internet service in Colombia. NAP traffic is reported to be growing significantly.

Electronic Commerce: E-commerce development prospects in Colombia are promising. In 2000, the Colombian and the U.S. Governments signed a common declaration to cooperate in a barrier-free scenario and a transparent legal framework for E-Commerce. At the end of 2001, an estimated 200,000 Internet subscribers were using e-commerce. In 2001, approximately 800,000 firms had electronic identification certificates for secure transactions over the Internet.

Intranet Networks: Currently, 30 percent of companies with 500 or more employees are using an intranet and 45 percent plan to deploy one within the next two years. The most popular intranet applications include information sharing and publishing, e-mail, document management, electronic forms, and corporate directories.

Wireless Local Loop (WLL): In 2000 BellSouth and a French joint venture (ISA and First Mark) were awarded nationwide licenses. Additional regional licenses are authorized.

Telecenters: These connection centers are quickly becoming highly viable sales venues for the private and public sectors. As part of the Connectivity Agenda, $50 million is scheduled for investment in 2002 to install telecenters (telephony/internet) in 500 rural communities

Submerged Fiber Optic Cable Projects: Colombia is a proposed landing point for the regional cable projects of Maya, Arcos and Global Crossing.

COMPARTEL Social Telephony Project: The goal is to bring community telecommunications services to the residential level in the country's small towns and rural areas.

Upcoming Services:

Personal Communications Systems (PCS): The Colombian Ministry of Communications is scheduled to award concessions for the offer of PCS services during 2002. The country will be divided into three service areas and each area will have a maximum of two operators.

Third Generation (3G): Colombia is expected to auction third generation systems around 2005, under the recommendations of the International Telecommunications Union (ITU).

Data Table (in millions of U.S. dollars)

	2000	**2001**	**2002***
Total Market Size	5,400.0	5,750.0	6,009.0
Locally Owned Establishments	4,000.0	4,180.0	4,389.0
Cross Border Exports	1,100.0	1,149.5	1,207.0

	2000	2001	2002*
Cross Border Imports	3,000.0	3,135.0	3,292.0
Imports from the U.S.	2,000.0	2,090.0	2,195.0
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

* These statistics are based on unofficial estimates.

2. INDUSTRIAL CHEMICALS (ICH)

The market for all chemical products in Colombia has been estimated at $5.9 billion. This sector is one of the largest and most complex in Colombia. The chemical sector accounts for approximately 4.7 percent of employment in industry. It also represents 3.5 percent of all establishments and 7.7 percent of gross manufacturing production.

Demand for basic chemicals for all industries; and especially active ingredients for the pharmaceutical, cosmetics, and food and beverage processing industries; is expected to maintain a steady growth of about 2 percent yearly. The chemical sector grew an average of 3.0 percent annually between 1995 - 2002.
The entire chemical sector was particularly favored by the open economy measures of 1991 with free licensing and minimum import requirements for about 85 percent of chemical product tariff classifications. Furthermore, Andean Community provisions provide patent protection for basic chemicals, active ingredients and several substances ordinarily imported by the majority of industry sectors. Most favored industries are the agricultural chemical, pharmaceutical, veterinarian, cosmetics and food processing sectors, which could lead to new product development and investments in sectors with high consumption of industrial chemicals.

Industrial investment and research and development will enhance future prospects in this sector despite current low economic, financial and trade indicators. The Colombian market may well reach $6.0 billion if market conditions improve in the short run, i.e. in 2003. Colombia's ability to compete in a global economy will depend on its ability to modernize and automate its industrial infrastructure. To increase sales of industrial chemicals, industrial investment is required in the food and beverage industry, the pulp and paper industry, the chemical industry and the majority of processing industries. Investment is also required in the areas of energy, oil & gas, coal, water supply, water and waste water treatment, and the application of environmental technologies.

U.S. suppliers have good opportunities to maintain their average share of the market for industrial chemicals if moderate expansion levels by some private firms in the petrochemical and chemical sectors are maintained. The two major refineries in Barrancabermeja and Cartagena will continue to be modernized, and there are firm plans for constructing at least one new refinery on Colombia's Caribbean coast.

Also contributing to opportunities for market growth in this sector are projects in the areas of water and waste water treatment, pulp and paper, electric and gas utilities, petroleum refining, plastics production, metalworking, automotive assembly, food and beverage processing, water supply, and environmental technologies.

Industrial chemicals are used in a range of industries such as chemical processing, pulp and paper products, water treatment, oil drilling, textiles, synthetic fibers, soaps and detergents, primary metallurgy, electronics, plastics, pharmaceuticals, cosmetics, fertilizers, explosives, paints and coatings, and food and beverage production. A growing demand for industrial chemicals should result from more serious implementation of the environmental legislation on water treatment. Other positive signs for increased demand in the short term are steady growth rates in the soap, detergent, edible oil and margarine industries; intensive oil and gas exploration and exploitation; and the expansion and modernization of refineries and other petrochemical facilities.

The agricultural sector has maintained healthy growth due to greater efficiency in cattle and poultry raising, as well as in the production of oil palm, sugar, rice, corn, flowers and fish/seafood products. Agricultural chemical consumption has declined recently, however, due to heavy rains that have destroyed several crops and due to an international coffee price collapse (with lower production and exports). Additionally, the expectation of the upcoming "El Niño" phenomenon during the second half of 2002 is yet another disappointing factor negatively affecting the steady growth of the agricultural sector.

Data Table (in millions of U.S. dollars)

	2000	2001	2002*
Total Market Size	5,394.2	5,502.8	5,942.4
Total Local Production	4,039.7	4,170.1	4,583.3
Total Exports	1,004.1	1,038.0	1,059.0
Total Imports	2,358.6	2,370.7	2,418.1
Imports from the U.S.	857.1	802.9	819.0
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

*These statistics are based on unofficial estimates.

3. TRAVEL AND TOURISM (TRA)

Approximately 484,000 Colombians visited the United States in 2001 (1 percent less than 2000), spending approximately $610,000 million, not including airfare. The original forecast, prior to September 11, predicted an increase of approximately 4 percent. The decrease in travelers in 2001 was the first decrease in five years.

Colombians continue to look to the U.S. as their first-choice vacation destination. A combination of factors including attractive hotel rates, special airfares, security concerns in Colombia and the high-cost of domestic travel are motivating interest in travel to the U.S. The total number of Colombians traveling to the U.S. is expected to increase 5 percent in 2002 and 2003 respectively, despite two significant barriers: (1) currency fluctuations (the exchange rate as of May 7, 2002 was 2,288 Colombian pesos to one US dollar); and (2) the time needed to obtain a tourist visa (currently as long as 13-month).

Colombia ranks 17th in the world on the list of top arrival-generating countries, and fourth among the Latin American countries generating visitors to the United States. It follows Argentina, Brazil and Venezuela.

The main gateway for travelers is Miami, Florida (70 percent); followed by New York City (11 percent); Houston, Texas (6 percent); Puerto Rico (1 percent); and others, including Los Angeles, (12 percent). Colombian travelers to the U.S. fall into three main categories: business travelers, leisure travelers and those visiting friends and relatives. The average Colombian traveler spends $180 per day (not including airfare) and spends an average of seven nights in the U.S.

Data Table (in millions of US dollars)

	2000	2001	2002*
Total Market Size	1,369.0	1,491.0	1,547.0
Expenditures of Colombian Travelers in the U.S.	513.0	610.0	640.0
Expenditures of Colombian Travelers in Third Countries	856.0	881.0	907.0
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

* These statistics are based on unofficial estimates.

4. AIR CARGO SERVICES (AVS)

Air cargo in 2001 totaled 477,000 tons, including domestic services. Total international air cargo to and from Colombia was estimated at 373,000 tons (4 percent less than in 2000). The United States was the destination for approximately 185,000 tons (75 percent of the total outbound market). Flowers accounted for approximately 147.477 tons (81 percent) of total outgoing air cargo to the U.S. Other important products transported were textiles, apparel, fruits and other perishable products, and ornamental fish.

In 2001, total incoming air cargo was approximately 130,000 tons. The U.S. share of the overall inbound air cargo market was approximately 88,000 tons (68 percent). Other regions, such as Europe and South and Central America, have a minimum market share.

Preliminary government and industry estimates are optimistic on the overall outlook for Colombia in 2002. The total volume of outgoing/incoming air cargo is expected to increase by three percent for a total of approximately 491,000 tons in 2002. Incoming cargo from the U.S. is also expected to increase by 3 percent. These growth expectations are based on: (a) the government's plan to help local industry recover; (b) consolidated growth in non-traditional exports; and (c) the restoring of public order.

Data Table (in thousand tons)

	2000	2001	2002*
Total Market Size	489.0	477.0	491.0
Total Local Cargo	101.0	104.0	109.0
Total Outgoing Intl. Cargo	251.0	243.0	250.0
Total Incoming Intl. Cargo	137.0	130.0	134.0
Incoming Cargo from U.S.	92.0	88.0	91.0

* These statistics are based on unofficial estimates

5. FINANCIAL SERVICES (FSN)

The financial sector's regulatory framework consists of a central bank (Banco de la Republica/BOR), the Vice Ministry of Finance, the Banking Superintendence and the Financial Institutions Guarantee Fund (Fondo de Garantias de Instituciones Financieras/FOGAFIN).

Background - Ongoing Reforms: The Colombian financial system experienced important transformations during the 1990's. Liberalization of Colombia's financial services was consolidated in 1991 with Resolution 51, which permitted 100 percent foreign ownership of financial institutions. Law 45 of 1990 and Law 35 of 1993 redefined the financial system and determined that foreign investors must receive prior approval from the Banking Superintendence to acquire an equity participation of 10 percent or more in a Colombian financial entity. The use of foreign personnel in financial institutions remains limited to administrators, legal representatives and technicians.

On August 3, 1999, Congress passed Law 510, which increased minimum capital requirements for the creation of new financial entities. Law 510 allows the government to intervene in those institutions that fail to meet performance requirements. Under this law, registry in the Financial Institutions Guarantee Fund (FOGAFIN, the FDIC equivalent) became mandatory, broader reserve requirements were established, and the term allowed for the liquidation of financial institutions was extended from 6 to 18 months.

On December 23, 1999, Congress passed Law 546, which restructured the system in place for financing housing. The new system provides incentives and better payment conditions for credit holders, and eliminates the monopoly that savings and loans institutions had on the household credit market. In June 2000, the Constitutional Court upheld the constitutionality of Law 546. Such verdict has been crucial for the very modest recovery of the construction sector since, given its dependence upon the financial system.

Credit Institutions - a specialized and segmented system moving towards universal banking: Although Colombia's financial sector is small compared to other countries including the U.S., the large number and variety of institutions, branches and offices offer good opportunities for services and products, and strategic partnerships for U.S. companies. Preliminary analysis for the first half of 2002, shows that most of Colombia's financial institutions have shown profits and others are quickly recovering.

In addition to regular loans and banking operations, financial instruments, and international trade operations, Colombian banks need a range of information technology expertise including solutions and hardware for merging the operations of banking institutions. Electronic banking to support new products; e-banking solutions & hardware; security, risk management solutions & hardware are a must.

Commercial Banks: These institutions perform the broadest scope of service within the financial sector. They are allowed to complete the same operations as credit institutions, with the exception of leasing operations and real sector investments. Only Commercial Banks provide checking deposits.

Within this group, some institutions specialize in housing and other real estate construction financing (mortgage banks). For analysis purposes they are sometimes treated separately.

Financial Corporations: These are the only types of credit institutions allowed to invest (acquire shares) in the real sector and act as investment bankers. They can take term deposits and when their equity is above a predefined level, they can also receive saving deposits. Financial Corporations must act as medium and long term lenders according to parameters specified in their regulatory framework.

Commercial Finance Companies: These companies specialize in lending operations to facilitate the marketing of goods and services. Their basic funding source is term deposits. About half of these companies and their assets correspond to finance companies specialized in leasing.

Financial Institutions and Activities: The inherent financial activities in Colombia are provided by the following institutions under the direct supervision of the Banking Superintendence: 29 commercial/mortgage banks, eight financial corporations and 32 commercial finance companies. Banking Superintendence also supervises six pensions and severance fund managers, 42 trust companies, 11 financial warehouses and 14 foreign exchange dealers; as well as 50 insurance companies, and five capitalization companies. Other entities under Banking Superintendence are103 representation offices of foreign banks, 107 insurance brokers 10 representation offices of foreign reinsurance companies, 13 credit cooperatives and several state-related quasi-financial institutions.

Financial institutions with foreign ownership include six mix banks (with Colombian and foreign capital), and three foreign banks (Citibank, Bank of Boston, and ABN-Amro Bank). Three government-owned banks are in the process of privatization or scheduled to be privatized, and two financial corporations (savings/housing) are in the processing of converting to commercial banks per the housing Law 546 of 1999.

Until July 2001, the Colombian stock market consisted of three major stock exchanges: the Bolsa de Bogota, Bolsa de Occidente in Cali, and the Bolsa de Medellin plus the small Bolsa Agropecuaria for agricultural commodities. However, in July 2001, the three stock exchanges merged into the "Bolsa de Valores de Colombia" (Colombian Stock Exchange).

Insurance: Colombia permits 100 percent foreign ownership of insurance firm subsidiaries. It does not, however, allow foreign insurance companies to establish local branch offices. Firms must have a commercial presence to sell policies other than those for international travel or reinsurance. In addition, Colombia denies market access to foreign marine insurers.

Data Table (in millions of U.S. dollars as of June 30, 1999, 2000 & 2001)*

		1999*	2000*	2001*
A.	Total Assets	83,273	70,108	70,737
	Private Local Financial Entities	24,398	20,916	21,380
	Private Foreign Financial Entities	7,486	6,339	6,677
	Cooperatives	1,077	29	24
	Government Financial Entities	50,310	42,823	42,655
B.	Total Liabilities	74,757	61,879	62,603
	Private Local Financial Entities	21,167	18,280	18,741
	Private Foreign Financial Entities	6,425	5,5395	5,847
	Cooperatives	973	27	22
	Government Financial Entities	46,190	38,032	37,992
C.	Net Worth	11,060	4,114	9,957
	Private Local Financial Entities	3,230	2,635	2,638
	Private Foreign Financial Entities	1,061	800	830
	Cooperatives	104	2	2
	Government Financial Entities	6,664	676	6,486
D.	Profits	-(423)	-(707)	381
	Private Local Financial Entities	-(16)	-(140)	76
	Private Foreign Financial Entities	-(39)	-(77)	37
	Cooperatives	-(27)	-(2)	0
	Government Financial Entities	-(340)	-(487)	268

*Source: “Guia del Sector Financiero” (Colombian Guide for the Financial Sector - years 1999, 2000 & 2001); Data received by the Banking Superintendence through July 24, 2001.

Exchange rates: June 30, 1999 (US$1 equals 1,694 Colombian Pesos

June 30, 2000 (US$1 equals 2,144 Colombian Pesos
June 30, 2001 (US$1 equals 2,296 Colombian Pesos

6. AUTOMOTIVE PARTS AND ACCESSORIES (APS)

Colombia has strengthened its position as an important automotive market because of economic relationships and several agreements signed with Andean countries, Colombia's main commercial partners in this sector. The Automotive Complementary Agreement signed with Venezuela and Ecuador, which defines a common policy for this sector within the Andean Community, has helped Colombia develop a competitive automotive industry, expand its frontiers and generate greater guarantees to local and foreign investors.

The Colombian automotive sector continues its recovery, according to trade sources there are visible signs that in 2001 local production of motor vehicles and automotive parts grew by 21 percent from $958.7 million in 2000 to $1,224.6 million in 2001. A growing demand for automotive parts and accessories is evident when one takes into consideration that the average life of most of the 2.6 million motor vehicles operating in Colombia is between 12 and15 years.

Another factor favoring the automotive parts and accessories market is that approximately 80 percent of the Colombian transportation of cargo and passengers are overland. Transportation fleets need to keep their vehicles in optimum conditions to perform efficiently. The high price of vehicles and their consequent life spans as well as the poor conditions of most roads in Colombia means that keeping the vehicles in good mechanical condition is very important. The approximate 80,000 motor vehicles produced and imported annually also create a demand for after-market parts.

The development and growth of the automotive parts and accessories sector depends directly on the sale of motor vehicles in Colombia. Industry sources note that in 2000, motor vehicles annual sales increased by 21 percent to 77,812 vehicles, up from 61,347 in 1999. According to local trade sources, motor vehicle sales were up by 7 percent in 2001 selling 5,057 more vehicles than in 2000. Local assemblers had the highest market share with 58 percent, selling 38,658 units. Traditional importers followed with a 35 percent market share, selling 22,971 units. Also, local assembly operations participated with an additional 7 percent, importing and selling 3,962 units.

Demand of automotive parts and accessories from the three local manufacturing plants (GM, Mazda, and Renault) increased in 2001 especially for their export programs. Local carmakers have captured the market by increasing the variety of models produced in-country and for exports to Venezuela, Ecuador and other Andean countries. The well-diversified vehicle supply includes 42 brands and more than 480 different models. Imports of automotive parts and accessories and maintenance equipment are expected to grow as a result of the large number of vehicles imported and produced during the last five years, which are beginning to require replacement parts and maintenance.

The program proposed by transportation officials to replace 80,000 old public transport buses in the short term could mean about $1.4 billion in investments. As an alternative, an immediate replacement program is deemed necessary for at least 3,000 buses, which could cost approximately $50 million. Another project, "Transmilenio," a massive articulated bus transportation system for Bogota requires parts and accessories for the assembly of approximately 300 buses and, in the near future, the parts and accessories to maintain these buses and to assemble the new ones integrated into the system.

Data Table (in millions of U.S. dollars)

	2000	**2001**	**2002***
Total Market Size	1,169.7	1,636.3	1,718.1
Total Local Production	671.0	857.2	900.0
Total Exports	285.1	486.5	510.8
Total Imports	783.8	1,265.6	1,328.9

	2000	2001	2002*
Imports from the U.S.	219.4	632.8	637.8
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

* These statistics are based on unofficial estimates.

7. COMPUTER HARDWARE AND SOFTWARE SERVICES (CSV/CSF)

Colombia's computer hardware/software market amounted to $701 million in 2000, $802 million in 2001, and is estimated to reach approximately $880 million in 2002. Real growth of 6.5 percent is predicted during the 2002 to 2004 period, with services growing about 12 percent.

The Colombian imported software market is estimated to have an annual value of $250 million. The growth of PC software has been boosted by the constant growth of microcomputer sales, which can be used as an indicator to project the market for PC software applications. The price of software for medium and large machines also includes high service costs. As a result, it is difficult to separate services from software, since the same software publishers sell the software, the installation, set up and equipment integration, and the customizing of the product.

The applications that will see growth this year are related to CRM (Customer Relationship Management) or the management relations with the client, e-business, ERP, among others. This tendency exists because these technologies assist in the performance of essential tasks for organizations such as observing fulfillment in different areas, and thereby allowing them to make wiser business decisions. All new software applications should be Internet friendly.

In Colombia, software producers have created quality software adapted to national laws. Worth emphasizing is software designed for the areas of accounting, human resources, payroll, among others, which contains applicable legal and tax regulations. Such software facilitates the tax contribution process that Colombian companies must carry out under law.

An important characteristic of the computer sector in Colombia is the continuous change in market share (in units and dollars) within the computer, peripherals, and software categories. The Colombian market is composed mainly of PCs, networks, laptops and handheld computers. Although microcomputer sales represented only 10 percent of the market-share a few years ago, they now represent more than 32 percent, followed by peripherals at 25 percent and software at 20 percent. Related hardware (including servers) represented 10 percent; networking products, 8 percent; and maintenance services, 5 percent.

By the end of 2002, it is estimated that the number of computers in use in Colombia will exceed 3.2 million units. By 2005, the information technology sector will represent over 5 percent of the GDP, with related services predicted to be at 40 percent of this total market.

Data Table (in millions of US dollars)

	2000	2001	2002*
Total Market Size	701.5	802.0	880.0
Total Local Production	3.5	4.8	8.0
Total Exports	2.0	2.8	3.2
Total Imports	700.0	750.0	803.0
Imports from the U.S.	420.0	453.0	481.0
Service	210.0	226.0	246.0
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

*These statistics are based on unofficial estimates.

8. OIL AND GAS MACHINERY AND SERVICES (OGM/OGS)

Colombia has 18 sedimentary basins covering over 1,036,400 square kilometers. Seven of these basins have ongoing commercial production activity. The total area under exploration and production is about 200,000 square kilometers, leaving most of the country available for additional upstream exploration contracts. At the end of 2000, Colombia had some 1.9 billion barrels in oil reserves (down from 3.4 billion in 1992), and with an annual oil production rate of about 400 million barrels per year, reserves would last for five years, making Colombia a net importer of crude. As a result, the Colombian government has made oil exploration a top priority.

ECOPETROL estimates that it will be necessary to discover between 3 to 5 billion barrels and invest four billion dollars in exploration between 2002 and 2010 if Colombia wants to continue being a net exporter of hydrocarbons. This represents only a small portion of the estimated potential reserves that the 13 Colombian sedimentary basins may contain. According to the Ministry of Mines and Energy, these reserves may hold as many as 37 billion barrels, of which 24 billion may be in active areas and 13 billion in areas where little exploration or no exploratory activity has been carried out.

To attract needed investment, the Colombian Ministry of Mines and Energy has added new incentives and is developing a comprehensive data bank that interested firms can consult to determine the areas for conducting exploration activities. Regulatory modifications introduced include reduction of royalty payments from a flat 20 percent of total production to a percentage that varies according to the volume of production and international oil/gas prices. Other changes aim to reduce the government's current 50 percent participation in the profits after deducting royalties and costs. This participation now fluctuates according to the size of the reserves discovered. By the end of 2000, there were 48 foreign firms that had signed 95 association contracts with Colombia's state-owned oil company (ECOPETROL).
The oil, gas and petrochemical sectors have several upcoming projects estimated at $1.5 billion that could be very attractive to U.S. firms. These projects include a $500 million expansion of the Cartagena Refinery to increase its capacity to 140,000 barrels of crude per day, a $130 million private-sector sponsored industrial utilities and service facility, a $730 million Olefin Cracking Plant, a $130 million Cusiana/Cupiagua Gas Treatment Plant, among other investments.

Best prospect equipment for the sector includes chemical additives for the drilling process; rotary rock drill bits; drill pipe for oil and gas; casing and tubing pipe; drilling rigs and collars; and other parts and components for oil and gas field equipment.

Data Table (in millions of US dollars)

	2000	**2001**	**2002***
Total Market Size	774.7	788.6	802.5
Total Local Production	46.0	46.0	46.0
Total Exports	3.3	3.4	3.5
Total Imports	732.0	746.0	760.0
Imports from the U.S.	407.0	415.0	425.0
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

*These statistics are based on unofficial estimates.

9. PLASTICS MATERIALS AND RESINS

The Colombian plastics processing industry registered significant growth in 2001 as a result of local producers aggressive efforts to overcome the negative effects of the severe economic slowdown from 1998 to 2000. Industrial plastic production has also performed favorably during the first quarter of 2002. According to the National Industrial Association, plastic production grew by 5.5 percent in 2001 and total sales by 4.4 percent. Real growth in the plastics sector should average four to five percent annually during the 2002-2003 period in real terms as the Colombian economy and local demand for plastic products grow and the export programs are accomplished.

The local demand for plastic materials and resins is estimated at 550,000 tons per year, assuming an apparent consumption of fourteen kilos of plastic products per capita. The bottling and packaging industries serving the food processing, health, cosmetics, industrial products, and lubricating products markets are the major clients for plastics materials and resins. Additionally, the construction sector, another important plastic products end-user, grew by 16 percent. These industries use approximately sixty percent of the total imported and locally manufactured plastics materials and resins. Plastic extrusion accounts for the largest demand, with 64 percent of the market. Injection accounts for 16.5 percent; blowing 9.5 percent; with calendering, thermoforming, and molding accounting for ten percent.

Despite active production estimated at $640.2 million in 2000 and $665.9 million in 2001, plastic materials and resins imports account for approximately 65 percent of the total market, with the U.S. market share averaging 38 percent for the 2000-2001 period. There is modest competition from Venezuela, Germany, the Republic of Korean and Mexico. Propylene, styrene, polyethylene of 0.94 gravity or more, polyethylene of less than 0.94, linear low-density, polypropylene, polyvinyl chloride, and polyesters are the best prospects for imports into Colombia. In 2001, U.S. plastic materials and resins imports to Colombia grew by five percent from $204.5 million in 2000 to $213.1 million in 2001. For 2002, industry sources forecast that U.S. imports may grow by four percent as a result of the reactivation of the plastics sector and the exports program carried out by the local plastics association and the Colombian Ministry of Foreign Trade. Colombia is still a large export market for U.S. plastic materials and resins.

Data Table (in millions of U.S. dollars)

	2000	2001	2002*
Total Market Size	997.9	1,038.5	1,087.6
Total Local Production	640.2	665.9	692.5
Total Exports	180.6	189.6	195.2
Total Imports	538.3	562.2	590.3
Imports from the U.S.	204.5	213.6	224.3
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

* These statistics are based on unofficial estimates.

10. TELECOMMUNICATIONS EQUIPMENT (TEL)

The total market for telecommunications equipment was $600 million in 1999. It remained basically unchanged in 2000, and amounted to $550 million in 2001. It is expected to grow by 4.5 percent in 2002. Current market trends suggest good market prospects in 2002-2003 to meet the demand generated by the upcoming Personal Communications Services (PCS). Another good opportunity for U.S. suppliers is the migration of the two largest cellular companies from TDMA transmission technology to GSM and CDM.

Opportunities for telecommunications manufacturers and service providers is evidenced by the presence of subsidiaries of principal world suppliers such as IBM, 3Com, Hughes, Harris, Unisys, NCR, Microsoft, Motorola, Oracle, Worldcom, etc. Other brands sell through dealers or exclusive distributors. Lesser-known products are sold or distributed through local representatives. They are also imported directly through resellers that generally buy from wholesalers or large volume dealers in Miami. New third-country manufacturers and service suppliers are also establishing subsidiaries in Colombia.

Some signs of regaining strength in the economy as well as technological development in the telecom and information technology sectors are attracting international interest and rather significant foreign investment in Colombia. Continuing structural reforms will enhance general growth and trade prospects, offering increased potential for U.S. service providers in the telecommunications and IT sectors, if companies use an appropriate marketing strategy and approach to Colombian end-users, both in the private and public sectors. This growth must be accompanied by an increase in the installed capacity and the nation's production facilities. Long-term projections will depend on Colombia's industrial competitiveness. The market has good future growth potential.

Data Table (in millions of U.S. dollars)

	2000	2001	2002*
Total Market Size	500.4	550.0	575.0
Total Local Production	11.7	11.0	11.8
Total Exports	6.3	6.0	6.4
Total Imports	495.0	545.0	580.0
Imports from the U.S.	207.9	231.5	246.0
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

* These statistics are based on unofficial estimates.

11. ELECTRICAL POWER SYSTEMS (ELP)

The outlook for the Colombian electrical power sector continues to be positive. Demand for energy power systems correlates with demand for electricity which, in turn, correlates with GDP growth. Colombia's GDP growth rate was 2.8 percent in 2000 and a lower-than-expected 1.5 percent in 2001. Demand is now closer to these growth rates. Demand for electric power was 43,378 GWh in 2001, a 2.16 percent increase over the 42,460 GWh demand in 2000. This demand is expected to rise to 45,000 GWh by the end of 2002.
Current installed capacity of 12,752 MW will cover demand in the short term. However, weather phenomena such as El Niño will likely cause an energy crisis in the mid-term (2004-2005). The government has announced a Rural Energy Program using renewable energy systems to provide energy to presently off-grid areas. This program calls for new generation systems and the recovering of existing ones. Additionally, guerrilla attacks have shown the fragile nature of the transmission system. Only two lines connect the two main network subsystems. New grid connections are urgently required. Investment opportunities are bright as new generation installed capacity is required.

Good business prospects exist in generation with respect to trends in the market to replace hydroelectric stations with gas-fueled thermal energy generators. This trend exists mainly because of the lower initial investment involved with the gas option. Transmission companies are looking to optimize their existing networks. Trade and distribution companies are focusing on loss reduction by acquiring and implementing leading edge management and control systems technologies.

The free market has produced some advantages, and customers are paying lower rates for their electric power service. Although rates do not yet reflect real production costs, the government has shown awareness of the situation by issuing a power rate increase proposal to allow energy sector investors to recover their investments.

Despite a recent decrease in electric sector imports, the U.S. remains Colombia's number one supplier of energy power systems and components, accounting for over one third of the market.

Colombia has just completed the first phase of the privatization process in the electric power sector. However, the Pastrana administration has repeatedly postponed its plans to privatize profitable companies such as ISA (small general public shareholders reached 24.36 percent ownership on May 10, 2002), ISAGEN, and twelve other regional electricity distributors.

Data Table (in millions of U.S. dollars)

	2000	2001	2002*
Total Market Size	425.0	426.0	438.7
Total Local Production	286.0	322.0	331.7

	2000	2001	2002*
Total Exports	79.0	99.0	102.0
Total Imports	218.0	203.0	209.0
Imports from the U.S.	122.0	82.0	84.5
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

* These statistics are based on unofficial estimates.

12. SAFETY & SECURITY TECHNOLOGIES AND EQUIPMENT (SEC)

Colombia offers a wide range of investment opportunities that are often overlooked because of the country's complex security situation. The illegal activities of armed groups financed by narcotics traffickers generate a climate of uncertainty and unrest among Colombians. They have resorted to hiring private security firms in recent years in order to conduct their personal and business activities more calmly and safely. The ups and downs of a suspended peace process with the guerrillas that the nation has endured for over three years without concrete results has contributed to a growing feeling of insecurity within companies and among individuals. The security situation in Colombia has gradually deteriorated since 1998. This deterioration has been more pronounced in rural areas than in the larger cities. The cities, however, have also witnessed a steady increase in security incidents and problems.

The security business in Colombia is attractive enough for many multinational companies that see Colombia as a promising and highly profitable market. End-users in Colombia have begun to understand the benefits involved in purchasing protective technologies both at the personal and corporate level. Companies also have recognized that running a business involves conducting surveillance activities and keeping control of people, information, and property. Managers are now seeing the benefits of implementing security systems to reduce costs for the company while helping to generate a sense of discipline and to increase their employees' security awareness.

Specifically, the demand for perimeter protection, intrusion detection, and panic button systems has grown to the point of becoming a priority for middle to high-class families and also for a wide range of businesses.

Safety and security equipment used in Colombia is not produced in-country because there is no significant local investment in electronics research and development. About 80 to 90 percent of existing demand is supplied by local companies selling foreign-made products. The market trend is one of moderate growth, nurtured in part by the uncertainty of the peace process between the Government and guerrillas recently suspended and the steady increase in crime rates throughout the country.

The following are the sub-sectors with the best prospects for success:

Alarm Monitoring and Security-System Integration:
- Intrusion Detection
- Panic-button systems
- Closed Circuit TV (CCTV)
- Access Control
- Perimeter Security
- Fire Protection (Detection and Extinction Systems)

Information Security:

- Automatic Vehicle Location (AVL)
- Vehicle and Architectural Armoring

Given the nature of its activities, the financial and banking sector may well face the highest risks.

Among the risk scenarios analyzed by security experts for this sector are theft, legal sanctions, income loss, loss of clients and public image, loss of competitive advantage, loss of assets, incorrect decision-making due to unreliable information and fraud.

The complex risk scenario this sector faces makes it one of the largest consumers of security systems and products, covering practically the entire spectrum including physical security such as vaults and armored vehicles and hardening installations. Access control systems using strict authentication methods (biometrics have become particularly popular in recent years), intrusion detection systems and assault-reporting devices (panic button systems), and information security technologies (logins, passwords, software & hardware security) have all grown considerably in recent years.

Data Table (in millions of U.S. dollars)

	2000	2001	2002*
Total Market Size	273.6	184.1	189.2
Total Local Production	25.2	25.6	26.3
Total Exports	14.5	7.1	7.2
Total Imports	262.9	165.6	170.1
Imports from the U.S.	90.0	56.7	58.1
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

*These statistics are based on unofficial estimates.

13. FOOD AND BEVERAGE PROCESSING AND PACKAGING EQUIPMENT (FPP)

The 2002 import market for food and beverage processing and packaging equipment could reach $114 million, a 25 percent increase over $97 million in 2001. The market could also growth and additional 20 percent in 2003. These large increases represent a major recovery for a market that was only $78 million in 2000. The U.S. is expected to maintain its lead as the sector's key supplier with 24 percent of the market.

This expected upward trend is due, in part, to the sector’s large companies’ decision to focus more on international markets, a strategy that requires more production capacity and advance technology. Bavaria S.A., is one example. The brewery has implemented both expansion and technological updates to improve production efficiency and also protect the environment in its facilities.

The sector is an important component of the national economy and contributes approximately 10 percent of the Colombian GDP. It also ranks as one of country’s lowest risk sectors.

Major sector characteristics include and national alliances for more efficient utilization of resources and installed capacity, and international alliances to attract foreign investment and advanced technology.

Data Table (in millions of U.S. dollars)

	2000	2001	2002*
Total Market Size	93.3	109.7	132.2
Total Local Production	25.0	32.2	43.5
Total Exports	9.6	13.8	19.3
Total Imports	77.9	99.3	114.0
Imports from the U.S.	25.6	23.8	27.4
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

*These statistics are based on unofficial estimates.

14. MEDICAL EQUIPMENT AND SUPPLIES (MED)

Between 2000 and 2001, Colombian market for medical equipment and devices grew 2.1 percent from $151.2 to $154.4 million, and it is expected to grow and additional 3 percent during 2002. It is expected that the demand will continue this upward trend during the next three years.

The United States is the leading supplier of medical equipment and devices to Colombia with a 48.4 percent market share during 2000 and 2001, Germany followed with 9.6 percent, and Brazil with 6.5 percent. The U.S. share is projected to reach 52 in 2002.

Major Colombian imports include electro-diagnostic and other electro-medical equipment, orthopedic equipment, and spare parts. Local production focuses mainly on equipment such as autoclaves, X-Ray viewing screens, furniture, etc. However, local manufacturers also produce catgut, venoclisys equipment, syringes, ophthalmologic lenses, surgical gloves, etc.

After nine years under the current Colombian health care system, it has approximately 16 million affiliates and is recognized as one of the most complete, efficient, and as a good example of solidarity. With improved management efficiency, the system could increase health care coverage and services efficiency, thus increasing market opportunities for U.S. suppliers.

The Empresas Promotoras de Salud - EPSs (local HMOs) are making progress, but still have a long way to go. They are paying overdue debts owed to hospitals, clinical laboratories, and other health care services providers, known in Colombia as Instituciones Prestadoras de Servicios (IPSs). Nevertheless, the EPSs have just surpassed the financial equilibrium point and the cash flow is not yet sufficient to pay creditors in full. The government owned Instituto de Seguros Sociales (ISS), which is Colombia’s largest EPS and the one with the most serious financial problems. However, it has improved during 2001-2002 and has reached agreements with its major creditors for on going scheduled payments.

The Colombian judicial system is enforcing the mandatory EPSs' health coverage even for patients needing treatment for catastrophic diseases. In the past, EPSs often denied health care stating pre-existence and other arguments. As a result, EPSs are improving and expanding preventive care, early diagnosis services, and advanced technology to reduce treatment costs.

EPSs should continue on a slow upward trend that will also improve the situation of the IPSs, resulting in a more substantial reactivation during 2003-2004.

Data Table (in millions of U.S. dollars)

	2000	2001	2002
Total Market Size	151.2	154.4	158.0
Total Local Production	65.8	67.3	70.0
Total Exports	13.6	16.8	21.0
Total Imports	99.3	103.9	109.0
Imports from the U.S.	48.4	48.4	52.0
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

* The above statistics are unofficial estimates.

15. APPAREL (APP)

Colombia's textile and apparel industries operate with some degree of self-sufficiency. However, they also rely on imports of technology, machinery, non-cotton fibers and fabrics, raw materials for synthetic fibers and fabrics, and novelty items (buttons, hardware, accessories). Accounting for about 2 percent of Colombia's GDP, the textile and apparel industries are an important component of the domestic economy. Colombian import and customs controls on foreign textiles and apparel from Asia, Ecuador and Panama have improved greatly. Under-invoicing, dumping, and contraband have negatively impacted the textile and apparel industries for years. But, increased export promotion, opening of new markets and governmental protective measures against foreign unfair competition are diminishing further damages to these industries.

Five integrated mills that command a majority share of the total textile market is dominated by the Colombian textile industry. There is a sizeable, growing market for cotton yarns and fibers, primarily due to emphasis on increasing exports of quality textiles and apparel. Domestic cotton fiber production is insufficient to fulfill demand, both in quality and quantity. Declining cotton output has resulted in an increased dependence upon fiber imports, which now satisfy fully 60 percent of domestic cotton requirements. The opening of the Colombian market to imports has forced Colombian textile and apparel companies to switch from offering a wide variety of products to fewer items on a larger scale.

Due to its geographic location; its regional integration, i.e., Andean Community (with Venezuela, Ecuador, Peru and Bolivia), and the G-3 (with Mexico and Venezuela); and its long experience in the textiles sector, Colombia is a key textile gateway to markets of the Andean Community, and should be the central focus of any regional export strategy.

The United States has traditionally been Colombia's main trading partner, supplying an average of 35 percent of Colombia's merchandise imports and purchasing an average of 45 percent of its exports. Colombians are familiar with U.S. shopping malls, retail stores, and outlets. While visiting the U.S., many select and order merchandise for their stores and boutiques in Colombia. Purchasing agents and employees from department stores and hypermarkets frequently travel to the U.S. and Europe in search of new products. Colombians are also familiar with U.S. trade and fashion shows and know the wholesalers. Colombian consumers have shown preference for good quality U.S. styles, designs, prints, and prices.

Consumer spending on apparel varies according to income. Middle and high-income families tend to buy good quality products from Colombia, United States, and Europe. Lower income families tend to buy low-priced Colombian apparel and inexpensive Asian and other third-country products. On many consumers still buy contraband fabrics and apparel; middle-income families buy both Colombian and foreign irregular, off-season, and used clothing (to a lesser degree now since used-clothing imports are restricted). The counterfeiting of apparel and brand name labels in Colombia has been a major problem for years, especially for Levi's jeans, which are produced in Colombia under a licensee agreement, both for export and for the domestic markets.

Best prospects are mostly of man-made fibers, include men, boy, women and girls' clothing, including sweaters and pullovers, swimwear, dresses, suits, ensembles, overcoats, anoraks, silk ties, shirts and blouses, T-shirts, tank tops, trousers, and shorts; and also women and girls' lingerie including pantyhose, tights, stockings, hosiery, brassieres and panties.

Import duties are ad valorem and are assessed on the CIF value of shipments. Colombia's tariffs conform to the 5 percent to 20 percent Common External Tariff (CET) in effect for the Andean Community. Government entities are no longer exempt from import duties. Imports of apparel are classified under chapters 61 and 62 of the Colombian Harmonized Tariff Schedule and can easily be imported into Colombia. Apparel is assessed between 15 percent and 20 percent import duty on CIF value plus a 16 percent value-added tax (VAT) assessed on the CIF-duty-paid value of apparel imports.

Data Table (in millions of U.S. dollars)

	2000	2001	2002
Total Market Size	621.3	580.6	592.2
Total Local Production	1,068.1	1,100.2	1,122.2

	2000	2001	2002
Total Exports	514.2	589.0	600.8
Total Imports	67.4	69.4	70.8
Imports from the U.S.	30.4	31.3	32.0
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

* The above statistics are unofficial estimates.

16. CONSTRUCTION AND MINING EQUIPMENT (CON/MIN)

The Colombian economy grew some 1.6 percent during 2001; however, government and private sector investments in infrastructure decreased during the same period. The recession affected most economic sectors including the construction and mining industries. The Colombian government continued with its efforts to improve the condition of its road network, facing challenges such as a high degree of deterioration, a lack of maintenance, and insufficient geographic coverage. Major investments in this area are still needed to reduce the current excess costs in transportation expenses since roads are used to transport the vast majority of the country's cargo.

The government continued with its plan to expand the national road network and to increase investments to repair and maintain the existing highway network. Under this plan the National Highway Institute expected to receive some $358 million per year to maintain its 16,500-kilometer road network. Ministry of Transportation sources estimate that Colombia more than 70,400 kilometer of roads that fall under the jurisdiction of many state and municipal entities.

These efforts complement the investments being made by private firms under a $1.2 billion concession program to build, repair and maintain more than 6,000 kilometers of roads. In addition, the government opened a $274 million international tender for the construction of the La Linea tunnel on the road between Bogota and the port of Buenaventura. The project has undergone several changes in its scope, and government sources expect another bid process to open in April. Additional investments involve state and city road networks, railroads, and ports (sea and fluvial). Equipment for road construction, earth-moving, road repair and maintenance offers the most potential. Although there is a large equipment base already in the country, new equipment will be needed.

The participation of the mining sector in the Colombian economy reached 1.9 percent of the Gross Domestic Product in 2000. Coal is the sector's main product, making Colombia the fourth largest exporter in the world (43.9 million tons in 2001), increasing its share of total exports and becoming the second most exported Colombian product after oil, and generating more than $1.2 billion in 2001 (up 36 percent). Coal reserves in Colombia are estimated at 6.6 billion metric tons (about 40 percent of the Latin American coal reserves).

The new national mining code, which was enacted as Law 685 of 2001, and the revision of the national mining development plan (PNDM) are expected to lead to faster development of new mining projects and to help the government achieve its aim to increase exports. Several mining products, especially coal, are best positioned to reach this objective.

Most Colombian mines are open-pit mines, although there are some minor underground mining operations. Best prospects for mining equipment include shovels, excavators, front loaders and related equipment and parts.

Data Table (in million of US dollars)

	2000	2001	2002*
Total Market Size	92.2	129.4	151.0
Total Local Production	8.5	8.0	8.0
Total Exports	17.7	28.2	29.0
Total Imports	101.4	149.6	172.0

	2000	2001	2002*
Imports from the U.S.	66.2	105.9	120.0
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

*These statistics are based on unofficial estimates.

17. POLLUTION CONTROL EQUIPMENT (POL)

Environmental investment in both the public and private sectors is pretty much at a standstill, due to the country's economic situations. The Colombian economy grew some 1.6 percent during 2001. Close to 25 percent of Colombia's population (10.1 million) lacks aqueduct services and 40 percent (16 million) lacks sewer coverage. The government estimates that the country's total environmental needs range between $3.3 to $3.4 billion per year to maintain an adequate level of investment. The World Bank estimates annual investment needs in aqueduct and sewerage systems to be $700 million, or $1 billion if wastewater treatment plant needs are included.

The Ministry of the Environment states that about 80 percent of Colombian municipalities dispose their wastewater untreated into bodies of water such as rivers or lakes. Colombia is a regional leader in the development and implementation of the wastewater pollution charge (tasas retributivas). Several environmental agencies have developed regional funds to finance wastewater treatment plants. Cities, such as Bogota and Medellin, are building wastewater treatment plants or other disposal systems. Cities across Colombia are developing plans to implement submerged outfall systems.

Regulations regarding air pollution and solid and hazardous wastes are being developed or updated at a time when public financing is almost non-existent. A major obstacle to the sector's growth is the current fiscal deficit that affects the availability of resources from the government budget. Most public sector funds are expected to come from transfers from the electric power sector and the collection of royalties, taxes, and other contributions from the so-called "green markets". New financing arrangements for the private sector include new credit and tax incentives like sales and income tax exemptions for environmentally sound technologies, new economic instruments and pollution charges, carbon dioxide sequestration options and other stock market alternatives.
Best prospects include water and wastewater treatment plants, water pollution monitoring and control equipment, solid waste hauling and disposal equipment, air pollution monitoring and control equipment, and environmental services (consulting). The operation and management of municipal services such as providing potable water and collecting, hauling and disposing of solid waste offers good market opportunities for private firms.

Data Table (in million of US dollars)

	2000	2001	2002*
Total Market Size	92.5	105.7	116.0
Total Local Production	4.0	3.5	4.0
Total Exports	4.6	8.4	10.0
Total Imports	93.1	110.6	122.0
Imports from the U.S.	57.4	69.9	76.0
Exchange Rate (year end)	2,229.2	2,291.2	2,451.7

*These statistics are based on unofficial estimates.

B. BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

PROCESSED FOOD

Demand in Colombia for processed foods and other high value food products have grown steadily during the past 11 years (1991-2001). Specific products showing an upward increase in sales during this period were poultry meat and beef offal, fresh/frozen pork, mechanically deboned chicken meat, dairy products, hatching and table eggs, fresh fruits, breakfast cereals, beer, pet food, and assorted snack foods. In 2001 a slight economic recovery of 1.6 percent was reflected in a 9 percent increased in U.S. imported agricultural products. An optimistic 2002 projection shows a 2.5 percent economic growth which will again have a favorable effect on U.S. agricultural trade to Colombia. However, the overvalued peso may have an adverse effect on the imports.

Historically, Chile is the principal supplier of imported fresh fruits to Colombia. Foreign competition in good-quality wine primarily comes from Chile, Argentina, Peru, and European countries. Marketing efforts have been made lately to introduce good Californian wines into the Colombian market. Several Latin American countries receive preferential duty rates, because they are members of the Latin American Integration Association (LAIA), known in Spanish as ALADI. LAIA is formed by 11 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela. Also, the Andean Community (Bolivia, Colombia, Ecuador, Peru, and Venezuela) receives preferential duties.

Although the production of domestic processed foods is growing, imports play an increasingly important role in meeting consumer demand for these products. The Colombian market for processed foods and other high-value food products is growing, as a result of the urbanization process which has implied also a dynamic fast-food industry and drastic changes in the food marketing structure. The United States is the principal foreign supplier of consumer-oriented food products to Colombia. U.S. food products are highly regarded in the Colombian market for their quality and value.

Data Table (in thousand tons)

	2000	**2001**	**2002***
Total Market Size	3,100	3,135	3,180
Total Local Production	3,250	3,300	3,360
Total Exports	830	855	875
Total Imports	680	690	705
Imports from U.S.	140	160	180

The above statistics are unofficial estimates

COTTON*

Colombia, traditionally a net exporter of cotton, has become a net importer as a result of declines in domestic production. Colombia began to import significant quantities of cotton in 1991/92, and its import dependence has grown rapidly. Imported cotton is estimated to account for 55 percent to 60 percent of total domestic cotton textile manufacturers consumption in 1998/2002. Over the next three to five years, cotton imports are projected to grow at an annual rate of about five percent. Almost all cotton imports are of the medium staple type. The Colombian textile industry continues to petition the GOC to obtain approval from the Andean Community for the elimination of the current ten percent import duty for cotton. However, this is unlikely to be approved because of the stringent fiscal situation in Colombia.

The United States is the dominant supplier of cotton to Colombia with about a 60 percent market share of imports. U.S. cotton exports to Colombia increased from $17 million in 1991/92 to a peak of $49 million in 1997, returning to initial level of $18 million in 1999, increasing to $26 million in 2000, and to $30.7 million in 2001. U.S. cotton sales in this market benefit from USDA's GSM Credit Guarantee and Suppliers Credit Guarantee Programs. The concern of the U.S. cotton suppliers of losing their market share if Colombia negotiates successfully to enter Mercosur, because this will likely increase the competitiveness of Argentine and Paraguayan cotton, has practically disappeared.

The current political and economic problems in Argentina have weakened the group. Another source of concern to U.S. suppliers is the GOC policy to guarantee a minimum price to growers in order to stimulate cotton plantings. The upcoming harvest from the Interior valleys (July-September) will be paid at an equivalent to $1,441 per ton. Cotton imports from Andean Community countries and from Chile (due to a bilateral trade agreement) are allowed to enter duty free, but cotton imports from these countries are small.

Data Table (000 metric tons)

	2000	2001	2002*
Total Market Size	87	86	88
Total Local Production	30	29	29
Total Exports	1	1	1
Total Imports	58	59	60
Imports from U.S.	23	25	25

The above statistics are unofficial estimates
*Cotton marketing year is August/July.

WHEAT*

After a steady decline in domestic wheat production over the past eight years, production stabilized at 29,000 tons this marketing year (July, 2001-June, 2002), and is likely to remain near this level in the future. Colombia depends almost entirely on imported wheat, which now accounts for 98 percent of total domestic consumption. Canada provided stiff competition in the market in recent years, because of concerns about U.S. quality. Due to competitive U.S. prices, the market share was 62 percent in the 2000/2001 marketing year. Price advantages outweighed concerns about quality at this time. An estimated 49 percent of total wheat market should be for the U.S. in the current marketing year (2001/2002). Despite the Colombian recession, wheat consumption grew by 5 percent in 2000/2001 and the market is expected to continue to expand.

Lower freight rates and the ability to supply different types and qualities of wheat in various sized shipments on a year-round basis gives the United States a competitive advantage over Canada, which is the largest U.S. competitor in the Colombian market. Installation of cleaning facilities in the Gulf ports will also increase U.S. wheat competitiveness in the Colombian market. Wheat imports are subject to an Andean Community price band, which results in a variable surcharge which for the second half of May, 2002 would be 17 percent. However, the lobbying made by the Colombian wheat milling industry in the Andean Community resulted in the capping of wheat import duties at 35 percent since September 1999. Currently, there is a domestic movement of the wheat milling industry to get wheat and wheat products deleted from the Andean Price Band System in order to be competitive.

Data Table (000 metric tons)

	2000	2001	2002*
Total Market Size	1,299	1,408	1,469
Total Local Production	29	29	29
Total Exports	0	0	0
Total Imports	1,165	1,260	1,270
Imports from U.S.	559	617	620

The above statistics are unofficial estimates
*Wheat Marketing Year is July/June.

CORN*

Corn output in 2001/2002 is estimated to grow 3 percent. The Ministry of Agriculture, growers, and feed manufacturers signed an agreement in 1998 by which corn planted area would increase 200,000 hectares yearly; however, planted area has shown no growth. Domestically produced corn is used primarily for human consumption, while imported corn (about 80 percent) is used primarily in the animal feed industry. However, Colombia does import white corn for human consumption from the United States, Mexico, and Venezuela. The United States is the dominant supplier of all corn to Colombia, with about an 80 percent market share. At an average of 423,500 pesos ($185) per ton in calendar 2001, the average grower price in pesos rose 9.5 percent above the 2000 level or slightly higher than the inflation rate (7.65 percent). The corn development agreement further specifies that the mixed feed industry agrees to utilize the locally grown dent corn through purchase contracts that stipulate a peso price. The minimum purchasing price for year 2001 absorption was 434,000 pesos ($189).

The grower federation is negotiating a new price increase for the absorption agreement. Total corn consumption in 2001/2002 is estimated at 3 million tons, five percent above last year. Production of animal feed is expected to increase three percent in 2001/2002, as determined by demand in the poultry and egg industries. Virtually, all domestic corn is used for human consumption, while about 80 percent of the imported corn goes to the animal feed industry.

Total corn imports during marketing year 2001/2002 are forecast at 1.9 million tons, up seven percent from 2000/2001. About 95 percent of yellow corn imported are for utilization by the mixed feed industry, and the remaining for the wet milling industry in the production of starch products. The imports of white corn are devoted for the dry milling industry in production of flour destined for human food consumption.

The United States is the dominant supplier of corn to Colombia. U.S. market share fell from 81 percent in 1996 to 66 percent in 1998, due to increased imports from Argentina, but in 1999/2000 it rebounded to nearly 90 percent in response to reduced Argentine export availabilities. Also, this market share level was held in 2000/2001 and it is likely to remain the same in the next year. The Colombian industry would rather use only imported corn, since domestic corn has a lower starch content and its processing is more expensive.

For the current year (April 2002-March 31, 2003) Andean yellow corn floor and ceiling prices stand at $143 and $125 per ton, respectively, which implies a 32 percent applied duty (currently, $34.88 per ton). The new lower price band for yellow corn has eroded an agreement with the Andean Community, through which the GOC issued a decree in August 2000 (decree 1493) limiting the maximum duty on corn imports to 46 percent of the reference price.
Data Table (000 metric tons)

	2000	2001	2002*
Total Market Size	2,988	3,128	3,273
Total Local Production	1,080	1,110	1,145
Total Exports	0	0	0
Total Imports	1,768	1,890	2,020
Imports from U.S.	1,567	1,670	1,780

The above statistics are unofficial estimates
*Corn Marketing Year is October/September.

SOYBEAN MEAL*

Total meal production in 2001/2002 will just grow by 1 percent, after a big increase in 2000/2001. Soybean meal production rose by 26 percent in 2000/2001, again because of the VAT tax change, and palm kernel meal output showed a 5 percent increase. Another factor in increased meal production in 2000/2001 was increased capacity and efficiency in production, as Colombian crushing facilities continue a process of integrating plants. Total annual processing capacity for these facilities is estimated at about 320,000 tons of soybean meal, although only 60 percent of this capacity is currently being used.

The oilseed meal supply in Colombia is composed mainly of soybean meal, cottonseed meal, palm kernel meal, and sesameseed meal. All fish meal used in the country is imported from Peru, Chile, and Ecuador. Fish meal imports have been declining since 1994 (72,092 tons that year), as the world supply for this product has tightened. Fish meal imports in 2001 are estimated at 41,000 tons.

Total domestic consumption of soybean meal and palm kernel meal is forecast to grow two percent in 2001/2002. Individually, palm kernel meal usage is expected to decline three percent and soybean meal is expected to rise three percent in 2001/2002. Poultry producers and feed manufacturers have shifted to imports of soybeans instead of soybean meal, because of the application of Colombia's VAT tax to imported oilseed meals but not to soybeans. Soybean meal accounts for roughly 90 percent of total vegetable meal usage by the feed sector. After the declines in 2000/2001, meal consumption is expected to recover and grow at around three percent per year over the next few years.

Close to 95 percent of Colombia's full-fat soybean meal (FFSBM) production utilizes an extrusion or roasting process. Broiler producers account for half of national FFSBM usage, while layers account for 30 percent, swine 15 percent, and horses/pets 5 percent. According to studies/trials conducted by the American Soybean Association, usage of FFSBM in Colombia is likely to continue expanding, ultimately accounting for as much as 50 percent of the country's total protein requirements.

As a result of the application of the VAT tax on oilseed meals as of January 1999, soybean meal imports declined 14 percent in 1999/2000 and a further 28 percent in 2000/2001. However, a recovery in imports is expected along with the consumption, as total industry demand increases. The United States supplied 15 percent of all soybean meal imported by Colombia, while the rest has been imported mainly from Bolivia.

Data Table (000 metric tons)

	2000	**2001**	**2002***
Total Market Size	565	445	458
Total Local Production	141	178	176
Total Exports	0	0	0
Total Imports	433	308	320
Imports from U.S.	63	54	75

The above statistics are unofficial estimates
*Soybean Meal Marketing Year is October/September.

SOYBEANS*

Combined soybean and palm kernel production in the October-September 2000/2001 crop year grew 14 percent from 161,000 tons to 183,000 tons. However, growth is expected to be only three percent in 2001/2002 crop year.

Last year Soybean production increased for the first time since Colombia opened its market for most agricultural imports in 1990, reaching 62,000 tons. Planted area declined by 11 percent; however, production increased 20 percent, reflecting gains in yields from improved seed varieties and better weather conditions. Further increases in yields and planted area are not likely in coming years; however, so production levels in coming years will remain basically flat. With planted area essentially unchanged and less favorable weather expected this year, soybean production is projected to decline 5 percent in 2001/2002.

Colombia is continuing its strong push to expand it production and processing of African Palm. Palm production in 2000/2001 benefited from an increase in planted area, which led to an increase in harvested area of 3,000 hectares. The increased area and more favorable weather helped push up production by 11 percent for the year. Improvements in crop management have also been a factor in gains in yield. Over the next three years, palm production will continue to increase by about 4 percent per year, mainly because of further increases in planted area.

Total oilseed consumption (soybeans and palm kernel) is projected to grow by 2 percent in 2001/2002, after a sharp increase of 23 percent last year, mainly due to the application of the 16 percent Colombian value-added tax (VAT) on soybean meal imports. The 22 percent growth in soybean consumption explains most of the increase, but growth will be modest next year, since the reason for the previous growth was a one-time tax structure change.

Colombia's strong feed manufacturing sector is heavily dependent on imported soybeans and soybean meal to meet its proteins needs. Soybean imports increased to 380,000 metric tons in 2000/2001 from 293,000 metric tons, an increase of 30 percent. The sharp growth in imports of soybeans last year is explained by a shift from soybean meal to soybeans, again due to the VAT tax change, and also because of an increase in crushing capacity domestically. Bolivia was the main supplier of soybean to Colombia, with a 47 percent market share compared to 35 percent for the United States.

Data Table (1,000 metric tons)

	2000	2001	2002*
Total Market Size	345	438	440
Total Local Production	52	62	58
Total Exports	0	0	0
Total Imports	293	380	380
Imports from U.S.	103	140	140

The above statistics are unofficial estimates
*Soybean Marketing Year is October/September.

6. TRADE REGULATIONS, CUSTOMS AND STANDARDS

TRADE BARRIERS

During the 1990's, Colombia began lowering and simplifying its import tariffs. Import duties are quoted ad valorem on the CIF value of shipments. All duties (with few exceptions) have been consolidated into four tariff levels: a) 5 percent for raw materials, intermediate and capital goods not produced in Colombia; b) 10 percent and 15 percent for goods in the above categories but with produced and registered in Colombia; c) 20 percent for finished consumer goods; and d) the exceptions, such as import duties for automobiles vehicles which remain at 35 and 40 percent, and some agricultural products which fall under a variable import duty system (price band)..

These tariff are in line with Decision 370 of the Andean Community (formerly "Andean Pact") Agreement, which the governments of Bolivia, Colombia, Ecuador, Peru, and Venezuela approved in November 1994. This Decision is known as the Common External Tariff (CET) and was adopted by Colombia in January 1995 through Decree 205. The Andean Community (ANCOM) countries are reviewing the CET to determine if they should eliminate the 15 percent tariff.

Under Decision 370, Andean Community countries assign a common external tariff (CET) for imports coming from third countries and, while gradually eliminate duties on products manufactured and imported from within the region. Venezuela has implemented the CET but Bolivia, Ecuador, and Peru are adopting the CET procedures as negotiations progress. On the other hand, Colombia has been facing increasing trade problems with Venezuela and Ecuador on some agricultural commodities, such as corn and wheat, as those countries negotiated World Trade Organization (WTO) trade rate quotas and import duties lower than Colombia's. The Andean Community's Board of Directors has analyzed this situation on several occasions, but the results have been below Colombia's expectations.

Colombia has signed several other multilateral free trade agreements that affect trade. Among the most important are: the Latin American Integration Association (LAIA) with Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela, and Cuba; and also with El Salvador, Costa Rica, Guatemala, Nicaragua, and Honduras which was later renegotiated country by country on a bilateral basis. Other multilateral trade agreements include the bilateral trade agreement with Chile; and the G-3 (Group of Three) with Venezuela and Mexico. Also, Colombia has requested consideration for the North America Free Trade Area (NAFTA) accession and is working towards the future Free Trade Area of the Americas (FTAA), in 2005.

The large number of integration agreements that Colombia is party to has created a complex system of tariffs that are applied according to the different treaties. For example, a product may be subject to more than 10 different duties depending on whether it comes from the Andean Community, G-3. LAIA, or from Caribbean Community countries. The prior import licensing requirement has been almost eliminated. Approximately 97 percent of the 5,162 products of the Colombian Harmonized Tariff Schedule (CHTS) can be freely imported (no import license necessary, but applicable import tariffs and value-added tax (VAT) must be paid). This Colombian harmonized tariff schedule book shows all import duties that apply. U.S. exporters can obtain copy of the CHTS at:

Arancel de Aduanas Lecomex Ltda.
Carrera 7 No. 13-65, Of. 601/602
Tel. (571) 243-5189/282-3214
Fax. (571) 342-6195
Apartado (P.O. Box) 7502
Bogotá D.C., Colombia
E-mail: Lecomex@elsitio.net.co

Legis S.A.
Ave. El Dorado No. 81-10
Tel. (571) 425-5255
Fax. (571) 425-5317
Apartado (P.O. Box) 98888
Bogotá D.C., Colombia
www.legis.com.co

Colombia together with Bolivia, Ecuador, and Peru formed the Andean Trade Initiative (ATI), which resulted in the ATPA (Andean Trade Preference Act) of December 1991. This U.S. unilateral tariff exemption, similar to the Caribbean Basin Initiative (CBI), was designed to promote economic development through private sector initiatives in the four Andean countries. Exports of agricultural items were encouraged as part of the strategy to create alternative income sources for drug producers. ATPA benefits expired on December 31, 2001, and the U.S. Congress is working to extend it until to extend it until 2006. The Government of Colombia has expressed interest in renewing this preferential treatment for its exports and wants to include products such as textiles, textile made-up products, shoes, and tuna fish. According to the Colombian government, under ATPA exports to the U.S. since 1997 were more than $3.7 billion, and more than $707 million during 2001.

Import Taxes: Most imports are covered by a 16 percent value-added (VAT) tax assessed on the CIF-duty paid value of shipments. Some exceptions apply, as in the case of imported vehicles which are covered by a variable sales tax of 16, 20, 35, or 45 percent depending on the type of vehicle, the size of the engine, its intended use, and its price.

The Ministries of Finance and Foreign Trade have asked the Colombian Congress to increase the VAT for locally produced vehicles and reduce for imported vehicles of less than 1,400 cubic centimeters. The proposal would increase the VAT 5 points for vehicles manufactured in Colombia while reducing the VAT 10 points for vehicles imported from third countries. Thus, the VAT on imported automobiles would be reduced from 35 percent to 25 percent, while the VAT on national automobiles would increase from 20 percent to 25 percent. Industry sources are evaluating the potential effects of the measure. The proposal is a response to a request by several European car manufacturers who claim the VAT differential adversely affects their sales in Colombia.

Non-Tariff Barriers: Although significant progress has been achieved in this area, the Colombian government bureaucracy still constitutes a barrier to trade for both local and foreign companies. In addition, pilferage in Customs warehouses and robberies of trucks is frequent. The absence of clear procedures to solve the problem of incorrect import documentation continues to be a barrier of sorts. For example, shipments are detained indefinitely by Colombian Customs because of improper tariff schedule classification, incorrect address, or typing errors. When mistakes are made by the exporter/importer, the goods may be refused entry into Colombia and be returned at considerable expense to the exporter or importer. The new Colombian Customs Statute, Decree 2685 of 1999, along with Resolution 4240/2000 and Decree 1198/2000, further clarified procedures and requisites, and describes stronger fines and penalties for light infringement of procedures and errors in freight forwarding documents by customs intermediaries (known as Sociedades de Intermediación Aduanera – SIA). U.S. freight forwarders and intermediaries will be subject to the same sanctions and penalties as Colombia's agents and brokers.

NON-TARIFF BARRIERS TO AGRICULTURAL TRADE

Import licenses issued by the Ministry of Foreign Trade (MINCOMEX): Most agricultural products are issued automatic or "free" import licenses by the MINCOMEX. However, if the Ministry of Agriculture (MOA) determines that imports are not needed and will cause damage to related domestic production, it can prohibit the imports. Two agricultural products that have been subject to "previous" (more restrictive) import licensing requirements are fresh/frozen poultry parts, and powdered milk.

Resolution 04 of June 12, 1998, issued by MINCOMEX, placed seasoned poultry parts (chicken, turkeys, and other birds) under the "previous" licensing system. Prior to this, seasoned poultry parts were under the "free" import regime, which resulted in automatic issuance of import licenses by MINCOMEX. Since 1994, import licenses for raw unprocessed chicken/turkey parts have been routinely denied.

The GOC also uses the "previous" import licensing system to restrict the importation of powdered milk, during Colombia's high milk production seasons (May to July and August to October). In 1998, the GOC established that no milk imports are approved whenever national powdered milk stocks exceed 6,139 tons. This action is the result of pressure by domestic milk producers who blamed milk imports for weak prices.

Import License Approval Requirement by the Ministry of Agriculture: The Decree 2439 of 1994 requires it to approve import licenses of commodities that compete with domestically produced commodities that fall under absorption agreements between local producers and processors. Agricultural commodities that require MOA approval for import licenses include wheat, poultry meat, malting barley, corn, rice, sorghum, wheat flour, oilseeds and their products (soybeans, soybean meal and soybean oil). Private importers are more likely to have their import licenses approved if they are in compliance with domestic absorption agreements. Imports from countries with trade agreements with Colombia are not subject to MOA approval. These countries are Venezuela, Ecuador, Bolivia, Peru, Mexico, and Chile.

Price Bands: On April 1, 1995, Colombia implemented the common Andean Community price band (variable import duty system). It covers 13 basic commodities (white rice, malting barley, yellow corn, white corn, soybeans, wheat, crude palm oil, crude soybean oil, white sugar, raw sugar, powdered milk, chicken parts, and pork meat) and 134 additional commodities that are considered substitutes. The system covers domestic producers and consumers from volatile world prices by raising import duties when import prices are low and lowering duties when prices are high.

Under the Colombian interpretation of the Andean Community price band system, import duties are based on Andean Community Board determined ceiling, floor and reference prices adjusted to a CIF basis. Import duties are levied on calculated reference prices not on actual invoice prices. If the applicable reference price is within the floor and ceiling price band, the import duty is calculated using the applied tariff rate and the reference price. When the reference price falls below the floor price, a variable duty (or surcharge) is applied, which is the difference between the floor and reference prices. This surcharge is levied in addition to the applied duty. Conversely, when the reference price exceeds the ceiling price a reduction based on the difference between the reference and ceiling prices is applied.

The Andean Community price band system lacks transparency and can be manipulated to provide arbitrary levels of import protection. For example, adjustment factors for freight, insurance and other unspecified costs are not transparent and provide latitude for manipulation of ceiling, floor and reference prices. In many cases, it is impossible for an exporter to estimate the final import duty.

Often the appropriate reference price is not used to assess the import duty. For instance, the ceiling and floor prices for chicken parts are based on U.S. whole broiler prices and the reference price is based on U.S. leg quarter prices. This method increases the likelihood that the reference price will fall below the floor price and the additional surcharge will be added to the import duty. For soft wheat, the floor and ceiling prices are based on hard red winter wheat, which tends to result in a higher import duty for soft wheat, since hard wheat is generally more expensive than soft wheat.

The U.S. government considers the application of this system to be inconsistent with Colombia's WTO obligations. It often appears that the reference price used to calculate the import duty does not accurately match the imported product, which results in the assessment of an inflated surcharge.

Sanitary and Phytosanitary Measures: All processed retail food items, including those imported in bulk for repackaging and retail, must be registered and approved by the National Institute for the Surveillance of Food and Medicines (INVIMA), which is part of the Ministry of Health (Decree 3075/97). Products that have not undergone transformation, such as fresh or frozen produce and meat, do not need INVIMA registration. A transformed product is defined by the GOC as having been subjected to processing that resulted in a change in its internal structure.

Non-transformed products that are fresh or frozen (meat and produce) do not need an INVIMA registration, but they do need a sanitary permit from the MOA's Agricultural Institute (ICA). ICA issues import health permits for animal products, vegetables, fruits, and grains. This permit details the phytosanitary import requirements for these products. The Colombian importer must first obtain the import permit from ICA, before requesting an import license from MINCOMEX. The ICA import permit is supplied by the importer to the exporter for submission to the U.S. Department of Agriculture (USDA), which will then issue a phytosanitary certificate referencing the requirements in ICA's import permit. No product should be loaded before a security permit is issued by USDA.

Sanitary Registration: U.S. exporters should be aware that sanitary registration must be obtained for pharmaceuticals, cosmetics, processed food products, and household insecticides and similar products. The registration must be obtained before exporting the products to Colombia. It is issued by the Instituto Nacional de Vigilancia de Medicamentos y Alimentos - INVIMA (National Institute for Control of Medicines and Food Products) and the procedure usually takes between six months and one year. Sanitary registration is required for both locally manufactured and imported products. For more information contact: INVIMA, Sub Directorate for Licenses and Registry, Carrera 14A # 58A-29, Bogotá DC, Colombia, Tel. (571) 347-5388; Fax (571) 211-8003. www.invima.gov.co

IMPORT LICENSES

All imports must be registered with MINCOMEX using a specific application known as "Registro de Importación".

Colombian imports are classified into three groups: those that can be freely imported into the country, those requiring approval of a previous import license, and items that cannot be imported. Most products are on the "free" list and their importation is approved automatically upon presentation of the import application or "Registro de Importación".

Some items on the free import list require prior import license. They are: (a) imports by government entities (except gasoline and urea); (b) import applications which involve customs duty exemption; and (c) non-reimbursable imports.

The import application (Registro de Importación) has a fee of Colombian pesos 21,500 ($10) and is valid for twelve months for capital equipment, six months for most other products, and two months for perishable products. Extensions, or modifications may be requested by filling out additional forms. The registration form must include the harmonized tariff code and information on the importer, exporter, manufacturer, carrier, country of origin, port of origin and destination, amount imported and number of units, single and global prices, sales and payment terms, bulk and net weight, and description of the merchandise.

The Colombian government enacted an exceptional annual import license to allow mining and oil companies to acquire certain equipment, spares and materials (for exploration, production, and transformation of minerals and for oil extraction and refining). The Ministry of Mines and Energy will approve the requests annually. The main end-users of this measure are large coal mining operations, oil and non-coal mining projects, including certain goods for which there is local production.

EXPORT CONTROLS

U.S. exporters should be aware that the U.S. Government may prohibit the export of certain products to Colombia or require export licenses. The Department of Commerce's Bureau of Industry and Security Export Enforcement (BIS) licenses most controlled product and technology exports. Licenses are required for certain high technology items or technology transfers and items with dual use potential (commercial items which could have military applications). In recent years, there have been increasing restrictions on the export of precursor chemicals to Colombia, due to the Drug Enforcement Agency's (DEA) concern that they may be utilized by narco-traffickers to produce drugs. For more information on U.S. export licensing issues contact the Commerce Department's Bureau of Industry and Security Export Enforcement (BIS): Tel: (202) 482-1208; (800) 424-2980 or web site - http://www.bxa.doc.gov/enforcement. For information on the export of weapons and firearms contact the State Department's Office of Defense Trade Controls, Tel: (202) 663-2700; Fax. (202) 261-8264, http://www.pmdtc.org/.

Colombian Export Controls: In general, the export of goods and services is free in Colombia. However, exports are not authorized if they form part of the artistic, historical, or archeological heritage of the nation. The Ministry of the Environment is also applying stricter controls over the illegal exportation of endangered animals. A prior favorable ruling (under Resolution 14, 1991) is required for the approval of export registration of eight customs categories in the agricultural and animal husbandry sector. The Special Administrative Unit of the National Directorate of Taxes and Customs (DIAN) controls the exit of goods from Colombian territory. Exports must be registered at MINCOMEX.

IMPORT/EXPORT DOCUMENTATION

U.S. exporters must be aware that their importers in Colombia must follow eight basic steps to complete an import transaction into Colombia:

1) When required, obtain import permits from pertinent government agencies. For example: Ministry of Health (for drugs), Ministry of Agriculture (for certain food products); Civil Aviation Department (for aircraft).

2) Buy and fill out the Import Registration form. File the Import Registration form with the Colombian Ministry of Foreign Trade (MINCOMEX). The form requires a complete product description and tariff classification.

3) Obtain approval from MINCOMEX for the Import Registration Form or Import License (in the few cases when this is required)

5) Make arrangements with a financial entity for pay of the importation.

6) Ask the exporter to ship goods to a Colombian port.

7) Request the Cargo Manifest from the transportation firm.

8) Make arrangements with its customs intermediaries (or Sociedades de Intermediación Aduanera – SIA) to receive the merchandise and get it out of customs. The following are the main steps to be followed:

    a. Fill out the “Andean Custom Value Declaration” (Declaración Andina de Valor en Aduana) when the importation value is more than $5,000.
    b. Fill out the “Import Declaration” (Declaración de Importación).
    c. Go to an authorized financial entity and pay the import duties, value-added tax, surcharges and other fees.
    d. Present all documents to Customs.
    e. Customs inspects the merchandise, when they consider it necessary, and then authorizes withdrawal of goods.

The importer must keep import documents for a period of not less than five (5) years.

Import Declaration: The importer must submit an import declaration to the DIAN. This declaration includes the same information contained on the import registration form and other information such as the duty and sales tax paid, and the bank where these payments were made. This declaration may be presented up to 15 days prior to the arrival of the merchandise to Colombia or up to two months after the shipment's arrival. Once the import declaration is presented and import duties are paid, customs will authorize the delivery of the merchandise.
Customs officials are responsible for inspecting merchandise to verify that the description and classification are consistent with the importer's declaration. A customs inspection group has been trained to perform after-clearance random investigations to detect fraud, foreign exchange irregularities, and tax evasion. Major customhouse brokers have a customs office in their own bonded warehouses where most clearance procedures are completed before the merchandise is delivered to the customers.

To carry out an export, the exporter must: 1) remit the proforma invoice; 2) obtain acceptance of conditions from the client (letter of credit, draft bill); 3) negotiate (through a local financial institution) the letter of credit/draft bill from the endorsing foreign bank; 4) present (to MINCOMEX) a form known as “Registration as National (local) Producer, Export Offer and Determination of Origin”; 5) present the certificate of origin (when necessary) with copy of the commercial invoice, and other certificates required by the country of destination (textile visa, phytosanitary certificates, etc.); and 6) complete and present the export declaration (ED) form, also known as shipping authorization of final export declaration, with all attachments as required.

Products that require special documentation include: vegetables, plants, fruits, animals, gold, emeralds, oil, coal, nickel, platinum, textiles, products exported through the General System of Preferences (GSP), products exported through the Andean Trade Preference Act (ATPA), products exported through any Free Trade Agreement, and products exported through the Colombian draw back system known as "Plan Vallejo".

TEMPORARY ENTRY

Non-fungible merchandise that can be thoroughly identified by marks, serial numbers, or other symbols can be temporarily brought into Colombian territory for specific purposes. The merchandise must be re-exported immediately after the pre-authorized period, without being subject to any alteration or modification, except for the normal deterioration caused by use.

There are two categories for temporary imports. The DIAN decides which of the two systems has to be applied to a specific case:

Short Term: This allows the importation of merchandise for a specific purpose during a period of time that should not exceed six months; one three-month extension can be requested and approval must be obtained before expiration of the initial authorization. Short-term imports are not subject to import duties, but a guarantee equivalent to 10 percent of the corresponding import duties must be presented to obtain approval.

Demonstration Equipment: The international carnet system for temporary imports of demonstration equipment (to be used in promotional campaigns or trade shows) is not in effect in Colombia. The DIAN has implemented an alternative system. Visitors bringing in equipment for demonstration purposes are requested to fill out a special form provided by the DIAN upon their arrival at an international airport. The equipment may stay in the country up to 90 days. There is no deposit requirement.

Long-Term: Colombian Customs regulations also allow for long-term temporary importation of equipment for a period of up to five years. Under this regulation, the Government allows importation of machinery and equipment as well as related accessories and spare parts if they are included in the same one-time-only shipment. This system is applied to equipment to be used in public works projects and other activities that are important for national economic and social development. Long-term temporary imports are also approved for machinery and equipment brought into the country under leasing contracts within a term of six months to five years.

Long-term customs declarations for temporary imports must include the U.S. dollar calculation of duties and taxes in accordance with the tariff schedule effective on the submission date. The total amount may be divided into equal quotas to be paid semi-annually, during the temporary import period. The importer may be requested to establish a guarantee equivalent to 100 percent of the import duties. Import duties are non-refundable.

LABELING AND MARKING REQUIREMENTS

Specific marks or labels are not required, except for food, pharmaceutical products and textiles. Labels on processed food products must indicate: the specific name of the product, ingredients in order of predominance, name and address of manufacturer and importer, number of units, instructions for storage and usage (when required), expiration date, and other instructions as required by the Ministry of Health or the Industry and Commerce Superintendency. Labels and illustrations cannot be inaccurate or misleading.

Labels on pharmaceutical products must indicate in Spanish: "for sale under medical, dental or veterinary prescription," with the generic name, commercial name, net weight or volume, weight or quantity of active ingredients, license number and the lot control number. For those products having limited shelf life, the date of expiration should be included.

Insecticides and other toxic products should display the skull and crossbones, the word "poison" in Spanish, and information regarding usage and antidotes. Products for which there are no antidotes cannot be licensed and can only be used in programs under the direct control of public health authorities.

PROHIBITED IMPORTS

The importation of the following products has been specifically prohibited: dieldrin, aldrin, chlordane, endosulfan, heptachlor, lindane and any preparations containing these products; gasoline containing lead tetraethylene; and weapon-type toys (to reduce the influence of violence in the society).

An import license is required for 101 subclassifications of the Colombian Tariff Schedule. No import licenses are being approved for the following: used vehicles and parts, used tires, used or irregular clothing, clothing closeouts, used bags and sacks, sacks of vegetable fibers, rags, and scrap cordage of textile material wastes. Only the Military Industry Institute (Colombia's government-owned arms and explosives manufacturer) may import weapons, explosives, and related raw materials.

STANDARDS

In Colombia, certain products whether imported or produced locally are required to conform to technical standards (or technical regulations) established by Decree 300 of 1995 and Decree 2269 of 1993 which made mandatory Colombian technical standards for some goods sold in the Colombian market (both imported and produced locally). Decree 300 of 1995 establishes that the Industry and Commerce Superintendency (SIC) (under the Ministry of Economic Development) compile the list of products requiring the certificate of conformity and issues this certificate for import purposes. To assure compliance with these regulations, some imports require a certificate of conformity with the appropriate Colombian technical standard or technical regulation. Import registrations would not be approved for products on this list if the certificate of conformity does not accompany the requests.

Manufacturers and importers of products regulated by official mandatory technical standards or technical regulations need to inscribe themselves in SIC's Mandatory Registry prior to the sale of such product. Products can be tested in accredited laboratories to obtain the certificate of conformity and SIC would also accept certificates issued by an accredited certification entity, such as members of the International Accreditation Forum (IAF) multilateral agreement.

The Ministry of Economic Development is revising the list of mandatory technical standards to recommend the issuance of a technical regulation. The Ministry has eliminated the mandatory status of the majority of products previously covered since most refer to outdated technical standards. SIC expects technical regulations to be developed for such products that present threats to health, safety, environment or national security. Technical regulations development should adhere to internationally-accepted practices, and the Colombian Government must notify the World Trade Organization and other relevant organizations a minimum of 90 days prior to its enactment to allow for comments from these organizations.

The Superintendency has updated the procedures for obtaining certificates of conformity and listings of all products currently subject to this requirement. Any U.S. exporter wishing to obtain the list of Colombian Harmonized Tariff Schedule headings subject to this regulation or who encounter problems due to this requirement may consult with the Colombia Desk at the U.S. Department of Commerce, Tel: (202) 482-0057, or with the Commercial Service at the U.S. Embassy in Bogota, Tel: (571) 315-2126 or 315-2298.

The Colombian Institute of Technical Standards and Certification (ICONTEC), a private nonprofit organization founded in 1963 and accredited by the Industry and Commerce Superintendency (SIC) as a certification entity responsible for the development of technical standards. ICONTEC standards may apply to Colombian government imports procured through international bidding as well as to imported or locally manufactured products. The Colombian Import Code states a preference, but not a requirement, for metric description of imports.

ICONTEC is a member of the International Standards Organization (ISO) and of the International Electrotechnical Commission (IEC). It provides quality certification services, training and technical support services, as well as inspection services, recognized by Underwriter's Laboratories (UL). In 1996, ICONTEC received recognition from the German Association for Accreditation (TGA) to carry out ISO 9000 quality management certification. ICONTEC is a member of the International Accreditation Forum (IAF), and IQNet, an international association of national quality assurance certification entities. They have signed recognition agreements with Indecopi (Peru) and INN (Chile).

ICONTEC has certified 1,043 companies under ISO 9000, 36 under QS 9000, one under HACCP, and has awarded 421 seals of standards conformity on 10,000 products. In July 1998, the Institute was accredited to certify firms under the ISO Environmental Management System (EMS) and has certified 39 Colombian firms under ISO 14001. The Ministry of the Environment, in conjunction with SIC and ICONTEC, has been a serious advocate for the adoption of Environmental Management System (EMS) and other voluntary environmental management and self-regulation codes.

Colombia has seven certification entities including CIDET (electrical products), Corporacion Colombia Internacional (fruits, vegetables, and other food products), BVQI (quality assurance systems, and some products), Consejo Colombiano de Seguridad (occupational health administration system and environmental management systems), S.G.S. Colombia (quality assurance systems, Codex Alimentarius, and some products), Latin Trust Andina and Certicamara (e-commerce).

There are 51 testing, 34 metrology (calibration) laboratories, and one inspection entity accredited by SIC operating in public and private institutions. For an updated listing of product certification entities, inspection entities, metrology and testing laboratories, please access: http://www.sic.gov.co/Informacion%20de%20interes/autorizaciones.htm

The U.S. Commercial Service in Bogota works closely with the National Institute of Standards and Technology (NIST), American Society of Testing and Materials (ASTM), and other U.S. standards-development organizations to promote new standards and expand cooperation of standards development, conformity certification, metrology and quality assurance.

FREE TRADE ZONES

Colombia created Free trade/Industrial Zones zones in 1958. There are commercial free zones for free trade of goods, industrial free zones for the promotion of industrialization, technological free zones for the promotion of technological services, and tourist free zones for the promotion of tourism. Free-trade zones have regulations regarding customs and capital investment and enjoy certain tax benefits.
By Law 7 and Decree 2131 of 1991, the Government of Colombia authorized the liquidation of the assets and personnel of the public free trade zones and their privatization by June 30, 1994. Five trade zones owned by the Government were privatized (given for administration to the private sector under a concession contract):

- Barranquilla, the main port on the Atlantic Coast;
- Cartagena (Mamonal), perhaps the most important industrial zone in Colombia;
- Cúcuta, in the northeastern section of the country on the border with Venezuela;
- Palmaseca, close to the international airport in Cali (main city in the State of Valle del Cauca); and
- Santa Marta, on the Atlantic Coast.

The private sector, authorized by the above-mentioned legislation, has also constructed the following new free trade zones:

- Bogotá;
- Candelaria, in the city of Cartagena;
- Quindio, near the city of Armenia in the Colombian coffee region;
- Rio Negro, near the city of Medellín (State of Antioquia);
- Pacífico, near the city of Cali (State of Valle del Cauca); and

- Malambo, on the outskirts of Barranquilla (State of Atlántico).

Operators and developers of newly privatized or private free zones are exempt from income taxes. Foreign-owned industries are exempt from taxes on profits remitted abroad, and building materials, construction equipment, and capital equipment for manufacturing plants can be imported duty free. Inputs of goods and services for manufacturing exports can be imported free of customs duties.

The government has also created Special Economic Export Zones (ZEEE) with special legal conditions so firms can develop and execute projects to produce goods for export markets. The ZEEEs are initially authorized to operate in the municipalities of Buenaventura, Cucuta, Valledupar and Ipiales. Recent measures include that projects must have a minimum investments of $1 million and more than $2 million after 2005. The companies interested in taking advantage of the flexible labor benefits must bring in new investments with no existing company relocation. Projects are subject to approval by a committee composed of the Ministry of Foreign Trade, National Planning Department, and the mayors of the above mentioned municipalities.

7. INVESTMENT CLIMATE

OPENNESS TO FOREIGN INVESTMENT

Colombia's primary regulations governing foreign investment, Law 9 of 1991, Resolutions 51, 52, and 53 of the Council on Economic and Social Policy (CONPES) and Resolution 21 of the Board of Directors of the Central Bank, generally permit free foreign investment in all sectors of the Colombian economy, with the exception of investment in sectors related to national security and to the disposal of hazardous waste products. In Colombia, foreign and national investments generally receive the same legal and administrative treatment.

Measures towards greater openness to foreign investment were implemented in July of 1996 with the elimination of the requirement of government authorization prior to investment in public services, mining, and hydrocarbons; however, direct investment in these sectors is still subject to concession agreements with the appropriate Colombian government entity. Prohibitions on foreign investment in real estate companies were abolished by decree 241 of February 8, 1999. CONPES approved on

June 1, 2000 modifications to the rules governing foreign portfolio investment. Additionally, the Colombian government issued Decree 2080 of October 18, 2000, by which it simplified paperwork requirements on foreign investment funds (electronic submission of required documents to Colombian authorities is now permitted) and lifted restrictions to foreign investment in publicly traded companies. This decree provided for the elimination of limits on acquisition of shares with voting rights by foreign investment funds. Likewise, automatic authorization for these funds was established.

The "apertura" policy implemented during the 1990's promoted and facilitated the importation of most services. Liberalization has progressed farthest in financial services, telecommunications, accounting/auditing, energy and tourism. It has occurred to a lesser extent in audiovisual services, legal services, insurance, distribution services, advertising, and data processing. Colombia also restricts the movement of personnel in several professional areas, such as architecture, engineering, law, and construction. For firms with more than ten employees, no more than 10 percent of the general workforce and 20 percent of specialists can be foreign nationals. There is a constant, if gradual, attempt underway to liberalize areas where restrictions remain in force.

In Colombia, foreign contractors may bid on public highway concessions. As well, foreign investors have participated in a broad range of privatizations, including those in the financial, ports and railways, power generation, and telecommunication sectors. As the Pastrana government has acknowledged, most of the state's important assets have already been sold to private investors. Only a few large energy companies (the electricity generators ISA and ISAGEN, and several distributors), and CARBOCOL (the state coal company) were left for the current government to privatize. Of the above mentioned, the government has only been able to privatize CARBOCOL, while the sale of ISA and ISAGEN has been postponed several times. However, the Colombian government still maintains shares in more than 130 companies in the real and financial sectors. The Institute for Industrial Development (IFI) manages several smaller enterprises that are also available for privatization. The overall state participation in real and financial sector companies amounts to approximately $ 2 billion.

The following restrictions still exist:

Accounting and auditing: Providers of these services must be registered in Colombia. No restrictions apply to services offered by consulting firms or individuals. Subsidiaries of U.S.-based multinational firms control 80 percent of the accounting market.

Advertising: There is no local content requirement for Colombian television, but the National Television Commission charges foreign-made ads double the national rate for airtime.

Audiovisual services: Colombian television broadcast laws (law 182/95 and law 375/96) imposed several restrictions including a requirement that foreign investors must be actively engaged in television operations in their home country. Such laws increased restrictions on foreign content in broadcasting and imposed a burdensome system of quotas during different hours of the day. National broadcasters are required to dedicate at least 70 percent of prime time to locally produced programming and at least 40 percent during all other times.

Until October 2000, foreign investment in the television sector was limited to 15 percent of capitalization. However, Decree 2080 of October 18, 2000 increased the cap on foreign investment in television network and programming companies to 40 percent.

Data processing and information: A commercial presence is required to provide this service.

Financial services: The Colombian financial system experienced transformations during the 1990's. Liberalization of Colombia's financial services was consolidated in 1991 with Resolution 51, which permitted 100 percent foreign ownership of financial institutions. Law 45 of 1990 and Law 35 of 1993 redefined the structure of the financial system and determined that all foreign investors must receive prior approval from the Banking Superintendency to acquire equity participation of ten percent or more in a Colombian financial entity. The use of foreign personnel in financial institutions remains limited to administrators, legal representatives, and technicians.

On August 3, 1999, Congress passed Law 510, which increased minimum capital requirements for the creation of new financial entities. Law 510 also grants the government the right to intervene in institutions that fail to meet performance requirements. Under this law, registry in the Financial Institutions Guarantee Fund (FOGAFIN, FDIC-equivalent) is mandatory, broader reserve requirements are established, and the term allowed for the liquidation of financial institutions is extended from 6 to 18 months.

On December 23, 1999, Congress passed Law 546, which restructured the housing system. The new system provides incentives and better payment conditions for credit holders and eliminates the monopoly that savings and loans institutions had on the household credit market. In June 2000, the Constitutional Court upheld the constitutionality of Law 546. This verdict was crucial for the modest recovery of the construction sector, given its dependence upon the financial system.

Hydrocarbons: Oil is Colombia's largest export earner (followed by coal and coffee), generating a reported 23 percent of government revenues in 2001. The volume of petroleum exported in 2001 decreased, while lower world oil prices significantly reduced oil export revenues, which amounted to $2.5 billion. Colombia exported 66.8 percent of total national oil production in 2001 and 62.4 percent in 2000. Hydrocarbons accounted for 28.6 percent of total national exports in 2001, falling from 35.7 percent in 2000. After reaching an all time high in 1999, Colombia's oil production declined by 15 percent in 2000 and by 12 percent in 2001 to an average of 604,000 bbl/d. This result is lower than the expected decline to 632,000 bbl/d in 2001 which the state oil company ECOPETROL had predicted a year earlier. This negative result was mainly due to a record 170 bombings of Occidental's Cano Limon-Covenas pipeline leading to its shutdown for eight months between 2000 and 2001 (as of March 2002, the pipeline has been attacked 18 times), and to the natural decrease of reserves in the main oil fields. In 2001, Colombia earned approximately $2.5 billion from oil exports (down from $4 billion in 2000); oil thus provided the largest share of the country's export revenue. Colombia has 1.8 billion barrels of proven oil reserves as of the end of 2001, and possibly twenty times this amount in potential reserves. Estimates indicate that without new discoveries, Colombia could become a net oil importer by 2005.

All foreign investment in petroleum exploration and development in Colombia must be carried out under an association contract between the foreign investor and ECOPETROL, the state oil company. The terms of the standard association contract were modified in 1994, 1995, 1997, 1998, and again in 1999. The 1999 reforms included royalty relief, accelerated environmental licensing, and a reduction in ECOPETROL's participation requirement from 50 percent to 30 percent. The new policy represents one of the most comprehensive reforms of the last 30 years, and has the long-term goal of producing 1.5 million barrels per day by the year 2010. A record 60 contracts for exploration or incremental production were awarded in 2000 and 2001.

These changes will likely enhance the attractiveness of Colombia's oil investment climate, and in particular, increase the profitability of fields with 50 million barrels of reserves or less, which represent approximately 90 percent of Colombia's fields. However, security problems continue to plague the Colombian oil industry. Left wing guerrilla groups (FARC, ELN) active in the country for the past three decades and now in control of large swaths of the country, right wing paramilitary groups, a major illicit drug trade, large fiscal deficits and high unemployment have contributed to an increase in violent crime rates, including kidnappings of both Colombian and foreign nationals. Oil workers have been specifically targeted. In April 2001, 92 oil workers were kidnapped—most likely by the ELN—and released the next day following a large-scale deployment of Colombian anti-guerilla forces. In July 2001, a British oil worker was freed by the ELN after being held captive for nearly two years. Also in July, 12 workers at a Colombian hydroelectric plant were freed after being taken hostage for several days. Both the FARC and ELN oppose foreign energy investment and have attacked oil and power infrastructure. Colombia's second largest oil export pipeline (Cano Limon-Covenas), for instance, was bombed 170 times during 2001 and was out of service for much of that year due to pipeline attacks. Occidental, which the ELN considers a “legitimate military target”, declared “force majeure” on production at the Cano Limon field three times between 2001 and the first quarter of 2002 (“force majeure” is an unforeseen and disruptive event or series of events that justify a party’s failure to meet contractual obligations, including delivery of contracted goods and payment of worker salaries). Besides Cano Limon, there have been attacks on the Transandino and Ocensa pipelines, and also on power transmission infrastructure. Before the recent increase in attacks on Colombia’s oil infrastructure, the government had estimated that bombings of oil pipelines alone had cost the country over $50 million annually. However, pipeline attacks cost the country roughly $500 million in 2001.

Colombia is the largest coal producer in Latin America. Coal is Colombia’s second largest export in terms of revenue, and the country is one of the largest coal exporters in the world. CARBOCOL, formerly state-owned, owns 50 percent of total output in the massive Cerrejon Norte project, which is the largest coal mining operation in Latin America. CARBOCOL had been slated for privatization, and the company was sold in October 2000 for $383.7 million to a consortium of South African, British and Swedish companies. The other 50 percent belong to Intercor, formerly owned by ExxonMobil, but now belonging to the same South African, British, and Swedish consortium which bought out CARBOCOL. United States firm Drummond, Inc. has a large coal mining operation in Cesar department in northern Colombia. Guerrillas have attacked its rail link to its port on several occasions, affecting production. Coal exports and private investment over the next five years are expected to increase significantly.

Colombia’s proven natural gas reserves stood at an estimated 4.3 trillion cubic feet (tcf) as of January 2002, down significantly from the January 2001 estimate of 6.9 tcf. Production in 2001 totaled 201 billion cubic feet (bcf). Most of Colombia’s natural gas currently is produced offshore by Texaco, which has an association contract with ECOPETROL through 2004 and an agreement to continue operating the fields under a build-operate-maintain-transfer agreement until 2016. Natural gas production is centered along the northern coast and Barranca regions. The Guajira basin is thought to have the most potential for large new discoveries. Despite government efforts to galvanize the Colombian natural gas sector, development has been slow. During 2001, exploration, production, and pipeline construction/expansion continued at minimum levels, according to the Colombian Natural Gas Association (Naturgas). Exploration and production investments in 2001 reached only $5 million, while investment in network connections and service stations were approximately $200 million. Gas price caps and excessive surcharges explained the low level of investment.

Insurance: Colombia permits 100 percent foreign ownership of insurance firm subsidiaries. It does not, however, allow foreign insurance companies to establish local branch offices. Firms must have a commercial presence to sell policies other than those for international travel or reinsurance. In addition, Colombia denies market access to foreign marine insurers.

Legal: Provision of legal services is limited to those firms licensed under Colombian law. Foreign law firms are therefore prohibited from having an independent, commercial presence (i.e., a registered place of business, a branch, or an agent) in Colombia. By forming joint ventures with local law firms, foreign firms are able to operate in Colombia under the auspices of their local partners’ licenses.

Telecommunications: Colombia ended its long distance and international service monopoly in November 1998. The opening of the sector to new competitors and to foreign investment has resulted in lower prices for users of telecommunication services and new services such as data and image transmission. The opening process has not ended. Promising new technologies will soon be introduced (personal communication services, PCS, and digital television for example). In 2000, the privatization of the municipally owned Bogota Telephone Company (ETB) was unsuccessful, and does not appear likely to be renewed in the near future. The government continues to limit foreign ownership of telecommunication companies to 70 percent. In the WTO negotiations on basic telecommunication services, Colombia made fairly liberal commitments on basic telecommunications services and adopted the WTO reference paper. However, Colombia specifically prohibited "callback" services and excluded fixed and mobile satellite systems. Currently foreign investment is allowed in telecommunications firms, but an economic needs test determines market access and national treatment for cellular, PCS, long-distance, and international services. Colombia has not signed the WTO Information Technology Agreement.

The telecommunications sector received the highest inflow of Foreign Direct Investment (FDI) during 2001, as the number of users increased to approximately three million. The sector generated approximately 15,800 jobs. However, the sector has had to downgrade its financial prospects as its cumulative losses total approximately $442 million. Telecommunications growth, which in the past registered rates of over 16 percent, currently grows at between 8 and 10 percent. Two companies, Bellsouth (50 percent) and Comcel (30 percent) currently share 80 percent of the cellular market. Although the number of users is expected to increase, users are increasingly failing to pay their bills. Total sales were $1 billion in 1998 and are expected to fall to $900 million in 2002 and 2003. The Colombian Government believes in the benefits of opening the telecommunications market to PCS competition. Three consecutive auctions are programmed for Colombia's three main regions (the interior, the west, and the coast). The bidding winner will receive a 10-year concession for exploiting the market and competing against the current cellular providers.

Investment Screening: Investment screening has been largely eliminated, and the mechanisms that still exist are generally routine and non-discriminatory. Regulations grant national treatment to foreign direct investors and permit 100 percent foreign ownership in most sectors of the Colombian economy, except in national defense and security, and toxic, hazardous, or radioactive products. As mentioned earlier, however, specific sectors still require a concession agreement from the appropriate Colombian government entity. In any event, the Colombian Economic and Social Policy Council (CONPES), may identify sectors of economic activity in which the government may determine whether it will admit foreign capital participation.

Foreign investments must be registered with the Central Bank's foreign exchange office within three months of the transaction date to assure the right to repatriate profits and remittances and to access official foreign exchange. All foreign investors, like domestic investors, must obtain a license from the Superintendency of Companies and register with the local Chamber of Commerce.
Generally, foreign investors may participate in privatization of state-owned enterprises without restrictions. Colombia imposes the same investment restrictions on foreign investors that it does on national investors. Many foreign investors find certain provisions of Colombian law burdensome. For example, a commercial presence in the country (defined as a registered place of business, a branch, or an agent) is a standard requirement for conducting business in Colombia. Foreign investors can participate without discrimination in government-subsidized research programs. In fact, most Colombian government research has been done in connection with foreign institutions.

Other factors which may impact investment: On December 30, 1999, the Colombian government passed Law 145, which provides the government with the power of "economic intervention" in the operation of all companies (public, private, local, or foreign) permanently located in Colombia. This law promotes solutions along the lines of U.S.-style "Chapter 11" bailouts for companies with financial problems which face possible liquidation or bankruptcy. Restructuring agreements impose strict regulations on companies (e.g., financial operations unrelated to the company's activity may not be performed without previous authorization from all the parties involved in the transactions).

Andean Community CET: The Andean Community (Colombia, Ecuador, Peru, and Venezuela) has agreed to reach the highest phase of a common market (free flow of goods, services, capital and persons) by the year 2005. Success in this respect would mean a larger market, a more disciplined tariff administration, the elimination of tariff differences between member countries, greater economic and political credibility, larger negotiating power in the region, and stability in the medium-term. A customs integration process is essential towards that end. The Andean Community adopted a Common External Tariff through Commission Decision 370 of November 26, 1994. The Decision was signed by all the countries except Peru. The CET has a four-tier structure, with 5, 10, 15 and 20 percent tariff levels, and a series of tariff deferral agreements that allow member countries to move away from the basic structure. Colombia's average official tariff for 2001 was 11.6 percent ad-valorem. Most non-agricultural products and services (both locally produced and imported) are also subject to a 16 percent value added tax.

Colombia has adopted a harmonized automotive policy with Venezuela and Ecuador, which went into effect on January 1, 1994. Automotive parts and accessories, and motor vehicles imported from any of the three signatory countries have a zero import duty, while those imported from third countries are covered with common external tariff (CET) rates of 35 percent for passenger vehicles, 15 percent for mass transit and cargo vehicles, and three percent for Completely Knocked Down (CKD) parts. The Andean auto regime of November 1999 provided for the common external tariff rates described above, and for regional content requirements included in the policy, which are to increase from the current average of 23 percent to a maximum of 34 percent by the year 2009.

On July 2, 1996, the Andean Community members adopted a common regime for access to genetic and biological resources, with the professed goal of promoting the conservation, development, and sustainable use of biological and genetic diversity.

Other Regional Trade Agreements: The Andean Trade Preferences Act (ATPA), which expired on December 4, 2001, provided for the duty-free entry of approximately 6,100 product categories from Colombia into the U.S. Since its implementation in 1992, ATPA has been the most important mechanism for the entry of Colombian products into the U.S. market. The cut flower industry has been the most prominent beneficiary. Products that are statutorily excluded from ATPA include, but are not limited to, textile and apparel articles, footwear, rum, and petroleum products. After ATPA expired, the Bush administration began collecting increased tariffs on Andean products. However, the Bush administration supported renewal of the ATPA program and the Senate passed a bill on May 23, 2002, approving legislation that would renew the ATPA program until year 2006 and would expand it to cover currently excluded products. Public comment on the program has been generally supportive, although U.S. producers of certain agricultural products have expressed some concerns. Colombia has a comprehensive free trade agreement with Mexico and Venezuela (the G-3 Agreement), in effect since January 1, 1995, under which most tariffs are to be reduced to zero by the year 2007. Colombia also has a partial free trade agreement with Chile. This agreement provided for the gradual elimination of all bilateral tariff and non-tariff barriers. As of December 2000, 96 percent of all bilateral trade in goods had been liberalized and negotiations towards including trade in services in the agreement had begun.

All of Colombia's bilateral and regional trade agreements are based on Latin American Integration Association (ALADI) regulations and procedures. In April 1998, Colombia, along with the other members of the Andean Community, entered into negotiations for a free trade agreement with the countries of MERCOSUR. In March 1999, Brazil separated itself from the MERCOSUR bloc for these negotiations because of internal conflicts with other members, and continued them alone with the Andean Community. In August 1999, a trade preference agreement between Brazil and the Andean Community was signed. In June 2000, a similar agreement was signed between the Andean Community and Argentina.

With the rest of ALADI partial agreements have been signed with Paraguay, Uruguay and the Central American Common Market (CACM) countries (Costa Rica, Guatemala, El Salvador, and Honduras) as well as with Panama, Cuba and CARICOM. Agreements negotiated with CARICOM have had limited effect and have not been fully implemented. Colombia has signed other bilateral agreements to stimulate trade and ensure most favored nation treatment with Hungary, the Czech Republic, Rumania, Russia, Malaysia, Indonesia, India, China, South Korea, Algeria, Kenya, Egypt, Morocco, Israel, and the Ivory Coast. Colombia has been an active participant in the Free Trade Area of the Americas (FTAA) negotiations. Colombia hosted the second meeting of Foreign Trade Ministers held in Cartagena in 1996, which gave momentum to technical working groups responsible for the FTAA regulatory process until 2005.

CONVERSION AND TRANSFER POLICIES

No restrictions apply to transferring funds associated with foreign investment. The only condition is that foreign investment into Colombia must be registered with the Central Bank within three months of the transaction date.

Foreign investors consider Colombia's conversion and transfer policies to be among the main incentives for investment. For example, the government permits full remittance of all net profits regardless of the type or amount of investment (previously limited to 100 percent of the registered capital). As well, there are no restrictions to remittance of revenues generated from 1) the sale or closure of a business, 2) a reduction of investment, or 3) transfer of a portfolio.

Colombian law authorizes the government to restrict remittances in the event that international reserves fall below three months' worth of imports. Reserves uninterruptedly have been at least double that level for decades.

EXPROPRIATION AND COMPENSATION

In June 1999, both chambers of the Colombian Congress unanimously approved the repeal of the clause in Article 58 of the Constitution, which had theoretically provided for "expropriation without indemnification." Colombian law now guarantees indemnification in expropriation cases.

DISPUTE SETTLEMENT

Law 315 permits the inclusion of an international binding arbitration clause in contracts between foreign investors and domestic partners. The law allows the parties to set their own arbitration terms including location, procedures, and the nationality of rules and arbiters. There are current cases in which foreign investors have won arbitrations, only to have the losing party seek their annulment by the Council of State, a judicial body. The Council has ruled that until it decides on such requests, arbitration awards are not final, and do not need to be paid. In the absence of an arbitration clause, Colombian law mandates that the dispute go before a Colombian judge for settlement.

Colombia is a member of the New York Convention on Investment Disputes, the International Center for the Settlement of Investment Disputes (ICSID), and the Multilateral Investment Guarantee Agency (MIGA).

POLITICAL VIOLENCE

The past year was a troubled year in Colombia, scarred by escalating political violence and a faltering peace process that eventually crumbled in February 2002. Colombia has three main insurgent groups—the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and the Popular Liberation Army (EPL) – whose combined numbers total approximately 30,000. President Andres Pastrana came to office with the prime objective of achieving an end to Colombia's civil conflict. However, the government of Colombia ended peace talks with the FARC and retook the demilitarized zone that had been established to facilitate those talks. Fighting continues. According to the Colombian Commission of Jurists, an average of ten people were killed every day in political violence (including combat) from 1988 to 1997. By 2000, the average had risen to almost 20, and in 2001 the tally may have surged to 38 per day. The government and the ELN guerrillas maintained permanent contact until late May 2002, when the Colombian Government announced the suspension of those contacts in response to continued terrorist attacks and kidnapping by this group.

Drug-related violence continues to constitute a serious security problem, especially in rural, coca-growing areas. In the last several years both the guerrillas and paramilitaries have become involved in various aspects of narcotics, principally the protection of coca crops and cocaine processing laboratories.

The ELN and FARC have targeted petroleum infrastructure, particularly the Cano Limon-Covenas oil pipeline. The guerrillas carry out terrorist attacks on U.S. or U.S.-related targets but their primary kidnapping targets remain local politicians, wealthy Colombian nationals and foreign professionals primarily those working in rural areas. They also conduct road blockages, hijack commercial airlines, and “tax” materials transported through their areas of influence.

Paramilitary violence, primarily targeting civilians suspected of collaborating with the guerrillas, has increased sharply since the mid-1990s. While paramilitaries have not targeted U.S. interests, they have contributed to the overall increase in violence in rural Colombia and threaten to expand their operations to urban areas.

Kidnapping by guerrillas, paramilitaries, and criminal gangs is an increasingly serious problem. Although government statistics have indicated a significant drop during 2001, as compared with 2000, roughly half of the world’s kidnappings still occur in Colombia. According to the Colombian “Pais Libre” foundation, 3,041 were committed in 2001, 70 percent of which are attributed to left-wing guerrillas. Random violence and petty crime are also common. The Colombian Commission of Jurists reported 161 massacres (three or more people killed at the same time) up to September 2001, the resounding majority committed by right-wing paramilitaries (In 2002, it appears, however, that the FARC guerrillas are responsible for the majority of massacres). A record 341,000 people fled their homes because of hostilities in 2001, making Colombia the world’s fourth largest host of internally displaced people, with over two million (national population 42 million). Five members of Congress were killed in 2001, as were eleven human rights defenders. In 2001, 171 labor unionists were assassinated, not including the disappeared, and ten journalists were killed, the highest number in any country. With an overall homicide rate ten times that of the United States, Colombia continues to be listed among the most dangerous countries in the world. For all these reasons, U.S. diplomats and businesspersons resident in Colombia are at considerable risk and take substantial precautions.

PERFORMANCE REQUIREMENTS/INCENTIVES

Incentives: The government provides a number of incentives for exporters and importers of certain capital goods. The most widely utilized such programs are the Plan Vallejo and the CERT. The Plan Vallejo provides for the duty-free entry of capital goods and materials to be used in production of export goods. In order to qualify for this tax exemption in the case of capital goods, the producer must show that at least 70 percent of the product produced by the newly acquired capital good is exported. In the case of raw or partially finished materials, the producer must export a value equal to 1.5 times that of the value of the imported materials as determined by Colombian government customs.

Law 48 of 1983 created the tax-reimbursement certificate (CERT). This certificate is a form of tax incentive issued to Colombian exporters; has a two-year maturity, it is freely negotiable and can be sold in the secondary market. It can be used to pay taxes on income, customs duties and certain other indirect and direct taxes on exports. The CERT program is intended to promote non-traditional export products (coffee, petroleum, and petroleum by-products are specifically excluded). The amount of the CERT is calculated as a flat percentage of the value of goods exported, and varies by product and destination. Colombia’s tax rebate certificate program (CERT) contains a subsidy component, which the government of Colombia has stated it will soon replace with an equitable drawback system, although it has not yet done so. In accordance with Colombia’s commitment to phase out CERTs to comply with WTO requirements, CERTs’ face value rates were decreased, and currently range from zero percent to 4.5 percent. It should be noted that CERT money is not available for exports to the U.S. or Andean Community countries, or for production originating in free trade zones.

Export credit: The foreign trade bank (BANCOLDEX) provides funds for working capital and equipment purchases dedicated to the production of exported goods. BANCOLDEX also provides discount loan rates to foreign importers of Colombian goods.

Preferential Export/Import Policies: Preferential export/import policies exist, primarily in the agricultural sector. Colombia maintains minimum preference prices for basic agricultural commodities, which are supported by flexible tariffs on imports. This "price band" system, which is intended to protect domestic farmers from foreign competition, is a variable import duty system applied on agricultural products, based on an Andean Community board-determined ceiling, floor, and reference prices, adjusted to a CIF basis. In practice, this forces foreign exporters to raise prices to domestic support levels.

Import Licenses: Colombia has two types of import licenses. The most common is a standard import registration form known locally as "Registro de Importacion," which all importers must complete. These forms are for record keeping/statistical purposes and are available at the Ministry of Foreign Trade. The other license applies to closely monitored, sensitive products such as precursor chemicals and weaponry. The majority of "used" goods, such as personal computers, cars, tires, and clothing, are effectively prohibited from import, and those that are allowed (e.g., used medical equipment), are subject to prior licensing. Though the government abolished most import licensing requirements in 199, it has continued to use prior import licensing to restrict imports of certain agricultural products, such as chicken parts and other preserved chicken and turkey products. Since the promulgation of Decree 2439 in November 1994, Ministry of Agriculture approval has been required for import licenses for products which, if imported, would compete with domestic products. Some of these products, which include U.S. exports to Colombia are wheat, malt barley, poultry, corn, rice, sorghum, cotton, wheat flour, oilseeds, and their products (i.e., soybean meal and soybean oil). Colombia has implemented absorption agreements, which require an importer to purchase a government-specified quantity of domestically produced goods as a precondition for the granting of import licenses. Prior to its termination in the first quarter of 2000, the Colombian Institute of Foreign Trade (INCOMEX) excluded powdered milk from the licensing regime, which had previously restricted milk imports during Colombia's high milk production season.

Promotion: The parastatal PROEXPORT engages in a variety of marketing and promotional activities in support of Colombian exports. It provides information on market access and business opportunities as well as organizes international trade shows and missions. Over the last years, PROEXPORT has been making efforts to diversify Colombian exports, which have been traditionally concentrated in only a few products, namely coffee, petroleum, coal and flowers. PROEXPORT provides planning and training strategies for medium and small companies to overcome obstacles of exporting goods and services. PROEXPORT's programs currently benefit 2,472 companies with less than 200 employees and with assets less than $2.6 million throughout the country. In 2001, PROEXPORT contributed approximately $900,000 to finance programs to increase the competitiveness of medium and small companies and provided export subsidies. For example, one of PROEXPORT's programs subsidizes a fraction of transportation costs (which varies from 6 percent to 26 percent) for three years, for companies exporting into regions where direct transportation is unavailable. Fifteen PROEXPORT offices abroad provide information on access to 36 different countries. These offices attend and organize events, fairs, and provide commercial guides to enter foreign markets.

Taxes: Colombia's taxation level is low. During the 1990's at least eight tax reforms and six general amnesties were performed. Taxes collected relative to GDP have remained relatively constant at around 11 percent. This is in part the result of an exemption regime that costs approximately $1.6 billion per year, and high evasion levels. Colombia's tax policies have had a strong impact on the distribution of fiscal efforts. In the 1970's, half of tax collections were obtained directly from property and profits and the other half indirectly from production and consumption. Today, 62 percent of taxes are from consumption, while the lower taxation on capital accumulation has not been reflected in higher levels of private investment.

Tax policies have also had an impact on Colombia's general tax structure, which is composed of five internal and two external taxes**.** Internal taxes are an income tax, a value-added tax, a stamp tax, a tax on gasoline and a tax on financial transactions that has been in effect since 1998. A withholding mechanism is applied to the first three, which has the effect of speeding up collection. External taxes are tariffs and a value-added tax on imports. Tax policies have effected domestic and foreign activities, seeking to provide adequate competitive conditions. Departmental and municipal taxes together account for only 2.3 percent of GDP.

To assuage investor concerns over unexpected changes in the tax code, the Colombian Congress passed legislation in 1995 ("The Special Tax Stability Regime") authorizing the government to enter into corporate contracts that guarantee a fixed tax rate for up to ten years. In return for this guarantee, companies pay an additional two percentage points in corporate income taxes. Although President Pastrana pledged to eventually eliminate the two percent fee, this has not occurred.

In November 1998, the government decreed an economic emergency in the country to address the crisis in the financial system. One of the measures implemented was a 0.2 percent emergency tax on financial transactions, to be used to recapitalize public banks and financial cooperatives, which were the most affected by the crisis. In December 1998, the Colombian Congress passed a major tax reform law (Law 488.) Inter alia, Law 488: lowered the valued added tax (VAT) from 16 percent to 15 percent; increased the "stamp tax" paid on all written contracts from 1 percent to 1.5 percent of the contract's total value; and established a Unified Tax Regime (UTR) for small taxpayers which aimed to facilitate tax collection from entrepreneurs and small businesses. The UTR proved to be especially useful to non-salaried or contract expatriates on assignment in Colombia who would otherwise be subject to cumbersome tax requirements. In spite of the 1998 tax reform and the new tax on financial transactions, tax collections decreased during 1999, expanding the fiscal deficit. The Colombian government acknowledged that alternative financing sources (such as privatizations and ECOPETROL´s profits) were very limited and there was an imminent necessity of a new tax reform.

In December 29, 2000 a new tax reform, Law 633, was decreed. This reform aimed at improving tax collection in order to contribute to the elimination of the fiscal deficit, which is also being addressed by controls to public spending. The reform consisted of an increase in the tax on financial transactions from 0.2 percent to 0.3 percent; this tax, previously limited in duration, was made permanent. As well, the value-added tax was increased back from 15 percent to 16 percent, and measures were taken to benefit taxpayers who voluntarily repatriate capital from abroad and to control tax evasion and contraband. However, the reform did not eliminate preferential treatment to large payers, and increased the number of goods and activities exempt from the value-added tax. Thus, such reform has not substantially reduced the fiscal deficit. Tax evasion is still very high at around 35 percent for income tax and 34 percent for value-added tax.

A "war tax" on the export value of crude oil, gas, coal and nickel from fields or deposits that began production after December 31, 1994 was eliminated in December 2000, after expiring pursuant to existing national legislation. As well, Colombian Law 487 of 1998 required that all corporations and natural persons whose net worth exceeded approximately $92,000 in 1999, invest 0.6 percent of their liquid assets in "peace bonds." These freely negotiable bonds have a return equal to 110 percent of the official inflation rate, and a seven-year term. The peace bonds program, which provided financing for the government's peace process and rural development, terminated last May 2001 with a final issuance by the government.

Access to markets: In accordance with Andean Community Decision 291 of 1991, foreign investors now have the same access to Andean markets as domestic investors.

Performance Requirements: Labor laws require that, absent an exemption, at least 90 percent of a company's general work force and 80 percent of management must be Colombian nationals. Local content requirements exist in the automotive assembly sector as outlined in decree 440 of March 1995 and Resolution 323 of November 1999 of the Cartagena Agreement, covering Colombia, Venezuela and Ecuador. As of June 2001, a minimum of 25.8 percent of local content (programmed to increase to 34 percent by 2009) is required for passenger vehicles carrying up to 16 persons, and cargo vehicles carrying up to 10,000 lbs., to meet national origin standards. For all other vehicles, the requirement is 17-18 percent. Penalties will be established to enforce compliance with these percentages.

Colombia continues to maintain an import licensing measure that requires agricultural processors in Colombia to purchase certain percentages of locally produced agricultural products (under what are called absorption agreements) in order to obtain a license to import such products.

As part of the de-monopolization of the government-owned television network, Colombia passed the Television Broadcast Law (Law 182/95, effective January 1995) which increased protection for all copyrighted programming by regulating satellite dishes and permitting private television broadcasters to compete with the government-owned broadcaster. The law increased restrictions on foreign content in broadcasting, and included a complicated, burdensome system of sub-quotas for different hours of the day; national television broadcasters must transmit at least 70 percent locally produced programming during prime time and 40 percent during other times. Regional channels and local stations must transmit at least 50 percent locally produced programming. Retransmissions of local production are calculated to fulfill only part of the national content requirement. Foreign talent may be used in locally produced programming, but limits are set by the quasi-independent National Television Commission (CNTV).

Appropriate visas or other permits must be obtained for residents and for visitors conducting business over extended periods, but the Colombian Government does not impose unduly burdensome visa, residence or work permit requirements.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

The 1991 Colombian Constitution explicitly protects individual rights against the actions of the state and upholds the right to private property. Previously, a clause in Article 58 of the Constitution expressly allowed expropriation without compensation, but in June 1999 the Colombian Congress amended the Constitution to remove that clause (see Expropriation and Compensation" below for more details).

PROTECTION OF PROPERTY RIGHTS

In 2002, Colombia was placed on the Special 301 "Priority Watch List" for not providing effective protection of intellectual property rights (IPR). It had been on the "Watch List" every year since 1991. Colombia is a member of the World Intellectual Property Organization (WIPO) and has negotiated to join the Paris Convention for the protection of industrial property, the Patent Cooperation Treaty, and the Union for the Protection of New Plant Varieties. Colombia has ratified, but not yet fully implemented, the provisions of the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property (TRIPS). USTR has noted that music piracy has worsened in Colombia since 1998, with counterfeit CDs, videos, software, and books flooding the local market.

Patents and Trademarks: The patent regime in Colombia currently provides for a 20-year term of protection for patents and reversal of the burden of proof in cases of alleged process patent infringement. The provisions of the decisions covering protection of trade secrets and new plant varieties are generally consistent with world-class standards for protecting intellectual property rights, and provide protection for a similar period of time. In December 2000, the Andean Community issued Decision 486 to replace the previous patent and trademark regime, which was previously governed by Decision 344. The new regime provides improved protection to patents, trademarks, industrial inventions, rules of origin and unlawful competition related to industrial property. This Decision eliminates previous restrictions on biotechnology inventions, increases protection of industrial designs from eight to ten years, protects traditional knowledge of indigenous, Afro-American, or local communities, protects integrated circuit (microchip) designs, and provides improved protection for industrial secrets in accordance with the TRIPS agreement. This decision, however, still contains deficiencies in the areas of working requirements, transitional "pipeline" protection, protection from parallel imports, denial of pharmaceutical patent protection for products with multiple or dual use "active principal," and protection of confidential data submitted for non-patented pharmaceuticals and agro-chemicals.

Law 599 of 2000 and Decree 2591 of December 13, 2000 partially regulate Andean Community Decision 486 in Colombia and establish penalties for violations to Decision 486 regarding patents, trademarks and industrial secrets. Resolution 210 of January 15, 2001 provides for more efficient procedures for the protection of industrial property and better information mechanisms for users. In June 2001, the Superintendency of Industry and Commerce issued Resolution 17585, which provides for compulsory license approvals to third parties, other than patent holders, in specific cases related to national emergency, public interest, national security, failure on the part of the patent holder to exploit it commercially, or patent holders' abuse of a dominant position in the market. Resolution 17585 stipulates that license grantees must pay a monetary compensation to patent owners, which varies according to the market value of inventions, costs of production, and national and international market conditions.

Colombian trademark protection requires registration and use of a trademark in Colombia. In a 1998 decree, Colombia announced that registration of a trademark must be accompanied with its use in order to prevent parallel imports. Trademark registrations have a ten-year duration and may be renewed for successive ten-year periods. Priority rights are granted to the first application for a trademark in another Andean Community country or in any country which grants reciprocal rights. The Andean Community decision on patent and trademark protection also provides for protection of confidential industrial information. Protected property includes that which is secret (not generally known or easily accessible to those who usually handle such information) and has an effective commercial value or a potential commercial value as a secret. The decision requires that the person wishing to maintain the secrecy of a product take reasonable steps to ensure that secrecy.

In spite of the above, U.S. pharmaceutical firms continue to press for a range of legislative and administrative reforms. According to U.S. industry, Colombia maintains a policy which lacks clarity regarding protection of industrial secrecy, and promotes unbranded pharmaceuticals at the expense of the brands typically produced by multinational companies. Law 100 establishes that the Colombian people will be covered under a basic health plan by either social security or health maintenance organizations. The plan specifies that pharmaceutical products be supplied based on a list of only 307 generic substances, thereby threatening the brand-name pharmaceutical market in Colombia.

Colombia is a member of the Inter-American Convention for Trademark and Commercial Protection. In 2000, Colombia ratified the Patent Cooperation Treaty (PCT) whereby a national title-holder who submits a patent application in Colombia need not do so in other countries which are parties to the PCT. The Superintendency of Industry and Commerce acts as the local patent and trademark office in Colombia. This agency was given the control of the government's IPR policy, effective January 2000. However, it suffers from inadequate financing and a large backlog of trademark and patent applications.

Copyrights: In November 2000 Colombia deposited its instruments of ratification to the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. However, contraband and counterfeiting remain widespread. President Pastrana in February 1999 issued a directive to all government and educational institutions to respect copyrights and avoid the use or purchase of pirated printed works, software and audio/video material. The Directive was sent to all national and regional governmental and educational institutions, banning any IPR piracy (including but not limited to software and TV satellite signals) and making IPR violations sufficient grounds for dismissal. The Presidential directive emphasized that police would act against any copyright infringements and was well received by U.S. public and private sectors. According to the International Intellectual Property Alliance, Colombia continued to fail to take sufficient action on the issues identified by the USTR in 2000, namely the need to improve copyright enforcement, the need to resolve Colombia's long-standing failure to pursue criminal sentences and administrative CNTV actions against unlicensed television operators, and the effective implementation of TRIPS obligations, which were due January 1, 2000.

The government recently reformed the Criminal Code (Law 599 of 2000) to further criminalize intellectual property piracy, which took effect in July 2001. The Prosecutor General ordered the creation of a special unit of prosecutors and investigators to work at the national level to fight copyright piracy and crimes involving telecommunications systems. As a result, there are five special prosecutors, 15 judicial police in Bogota, and numerous investigators in the provinces. These prosecutors coordinate action with special police forces. In Bogota there are approximately 25 special judicial police officers. The Prosecutor General's IPR Unit is currently working on approximately 4,500 cases, a large proportion of which are against pirate TV operators and against several telecommunications companies accused of offering illegal "callback" services.

A major issue has been the need for the Colombian government to license legitimate pay television operators and to pursue pirate operators. Colombia's Television Broadcast Law increased legal protection for all copyrighted programming by regulating satellite dishes, and enforcement began through a licensing process. As of December 2001, the CNTV had completed licensing for 117 cable television operators in municipalities with less than 100,000 inhabitants, and 46 cable TV operators in municipalities with more than 100,000 inhabitants (86 municipalities nationwide). Efforts to pursue pirate operators resulted in initiation of investigations of 282 suspected pirate operators, eight of which have so far incurred sanctions. However, industry concerns remain intense. The U.S. Motion Picture Association (MPA) reported disappointing results in terms of deterrent sentences, civil judgments, or actual reductions in the levels of piracy. Prior to the long-delayed licensing process, the MPA estimated that 80 percent of the television market was pirate, and despite licensing, now estimates that close to 70 percent of the pay television still receive pirated signals in some form. At least 90 percent of the video market is pirate or systematically involved in unauthorized transmissions. Annual losses due to audiovisual piracy are estimated to be $40 million.

Andean Community Decision 351 on the protection of copyrights has been in effect in Colombia since January 1, 1994, and it provides a generally Bern-consistent system. Colombia also has a modern copyright law: Law 44 of 1993. The law extends protection for computer software to 50 years, but does not classify it as a literary work. Law 44 and Colombia's Civil Code include some provisions for IPR enforcement, which have been used to combat infringement and protect rights. Semiconductor layout designs are not protected under Colombian law. Colombia belongs to both the Bern and the Universal Copyright Conventions. Additionally as mentioned above, both the World Copyright Treaty (WCT) and the World Performance and Phonogram Treaty (WPPT) have been ratified by the Colombian government. WCT was ratified by Decree 565 of 2000, and WPPT was ratified by Decree 545 of 1999, and both are now in force.

Colombia's 1993 copyright law significantly increased penalties for copyright infringement, specifically empowering the Prosecutor General's office to combat piracy. However, inadequate copyright enforcement is a serious systemic problem in Colombia. During 2001, the Colombian Administrative Department of Security (DAS) and other law enforcement agencies performed 306 anti-piracy operations, which resulted in 76 detentions, the seizure of over 96,000 pirated software, and the destruction of 1,203 computers. However, enforcement of copyright laws is still insufficient and the U.S. industry estimates that the majority of the videocassette, sound recording, and business software products continue to be pirated. The most recent industry data suggests that video piracy remained at 90 percent in 2001, piracy of music increased to 73 percent, and software remained at 85 percent. Counterfeit merchandise available in the Colombian market significantly affects U.S. industries, which continue to lose substantial revenue—$163.5 million in 1999, $177.2 million in 2000, and $153.3 million in 2001, according to the International Intellectual Property Alliance (IIPA).

REGULATORY SYSTEM

As is the case with many developing countries, Colombia suffers from a relatively high level of industrial concentration in a few large conglomerates, a lack of effective antitrust laws and long-term credit, and underdeveloped stock markets not yet able to generate growth through equity financing.

Adequacy of Laws and Regulations Governing Commercial Transactions: Colombia's civil codes define commercial entities' legal rights and outline enforcement procedures regarding commercial activities. Enforcement mechanisms exist, but historically the judicial system has not taken an active role in adjudicating commercial cases. The 1991 Constitution provided the judiciary with greater administrative and financial independence from the executive branch, and Colombian courts have tended to behave more independently and unpredictably ever since. The Colombian judicial system continues to be clogged and cumbersome.

Procurement: Government procurement in Colombia is governed by Law 80 of October 31, 1993. Law 80 sought to establish simpler procedures based on the principles of transparency and objective selection. It grants equal treatment to foreign companies on a reciprocal basis and eliminates the 20 percent surcharge previously added to foreign bids. It also eliminates unnecessary requirements and bureaucratic procedures that increased prices of public services and limited their availability. Although Law 80 has given more dynamism to the government contracting system, Colombia is still not a signatory to the WTO government procurement code, and there have been complaints of non-transparency in the awarding of major government contracts.

Law 80 established a procedure for selecting suppliers based on public tenders, commonly known as "open" tenders, in which all interested suppliers may participate. This method is used to select offers of goods, services and infrastructure projects, and to select providers of technical or specialized services. Law 80 disallows "limited tendering" and permits "direct purchase" only in exceptional cases (as explained under article 24). Law 80 does not apply to contracts for the exploration and exploitation of renewable and non-renewable natural resources. Their commercialization and those activities performed by state companies involved in these sectors, as well as contracts related to telecommunications, radio and courier services are governed by special legislation. In these cases, in addition to public tenders and "direct purchase" mechanisms, the state may select a supplier through a licensing procedure.

Under Law 80, Colombian bidders get preferential treatment. Given equal contracting conditions, the offer of goods and services of domestic origin is preferred. When foreign firms bid under equal conditions, contracts are generally awarded to the one that incorporates a greater number of domestic workers, more domestic content, and better conditions for technology transfer. The Colombian government procurement statute, although liberal, impedes complete access by imposing a requirement of certifying reciprocity. The principle of reciprocity embodied in Law 80 ensures national treatment under the same conditions for Colombian bidders in other countries. In June 1995, the U.S. Embassy began issuing certificates of reciprocity, which has proven successful in meeting this requirement.

Decrees that regulate government procurement are: Decree 679 of 1996, which regulates different aspects of Law 80; Decree 855 of 1994, which regulates direct government contracts; Decree 856 of 1994, which deals with registries of suppliers kept by chambers of commerce; Decree 1584 of 1994, which deals with the classification and qualification of suppliers; and Decree 1985 of 1994, which deals with delegation of authority in government contracts. Colombia is not a signatory of the WTO Agreement on Government Procurement.

In May 2001, the economic affairs committee of the Colombian House of Representatives submitted a bill to Congress to partially reform Law 80. The bill would eliminate non-bid contracts or direct contracts, establishing public tenders as the only means of contracting between the government and any third party. The proposal would include the creation of a government web-site especially designed for public tenders, in which public enterprises would announce their contracting requirements and legal and natural persons would be able to participate in the respective bidding processes electronically. If approved, this reform to Law 80 could lead towards reducing corruption and improving transparency in government procurement practices.

Bureaucratic Procedures: President Pastrana issued a series of decrees to eliminate burdensome bureaucratic procedures in June 1999. The decrees reformed various formal procedures with the aim of reducing paperwork and improving customer service. For example, one decree significantly reduced the number of steps required to obtain copies of public records; another reduced the time required to receive an environmental permit from 120 days to 60 days.

BILATERAL INVESTMENT TREATIES

The objectives of a Bilateral Investment Treaty (BIT) are to protect U.S. investments abroad, to encourage adoption of market-oriented domestic policies in the foreign country, and to support the development of international legal standards consistent with these objectives. BITs provide investors with six basic benefits: 1) the better of national or most-favored nation treatment; 2) limits on expropriation of investments, including requirement for prompt, adequate and effective compensation; 3) free and timely repatriation of profits; 4) the prohibition of performance requirements; 5) the right to submit an investment dispute with the treaty partner's government to international arbitration; and 6) the right to employ top managerial personnel regardless of nationality.

Although Colombia has signed BIT's with England, Peru, Spain, Cuba and Chile, the Constitutional Court has declared these treaties unconstitutional, since they were signed before the June 1999 reform that repealed expropriation without indemnification. This reform removed the principal stumbling block to the negotiation of a U.S.-Colombian BIT, although one has not yet been reached. Colombia is now well positioned to initiate or complete negotiations with France, Canada, Japan, Germany and China. Negotiations have also begun with Chile, Peru, Holland, Finland, Korea, and Egypt.

OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

The Overseas Private Investment Corporation (OPIC) is a self-sustaining federal agency that sells investment services to U.S. businesses expanding into some 140 developing nations and emerging markets around the world. OPIC's political risk insurance, project finance and investment funds fill a commercial void, create a level playing field for U.S. businesses and support development in emerging economies. Colombia is the second highest ranking country in OPIC's portfolio for insurance against political violence. OPIC is currently committing approximately $618 million of insurance for U.S. investment in the country against political violence. Political violence coverage compensates for property and income losses caused by violence undertaken for political purposes. Declared or undeclared war, hostile actions by national or international forces, civil war, revolution, insurrection and civil strife, are all examples of political violence covered by OPIC. OPIC pays compensation for two types of losses: business income losses and damage to tangible property. An investor may purchase one or both coverages.

In Colombia OPIC maintains a portfolio of $1.7 billion. Over 3,137 jobs and almost $1 billion in government revenue are expected to result from current OPIC-supported projects. Examples of the type and scale of investment projects handled by OPIC in Colombia include power plant construction, natural gas pipeline construction and gold mining operations. OPIC joined Chase Manhattan Bank and other lending institutions to support K & M Engineering and Consulting Corporation in the Mamonal project (now owned by KMR Power Corporation), a natural gas-fired generation facility being built in Cartagena. This project is supported with $35 million in OPIC financing and over $56 million in political risk insurance. Other examples of projects currently supported are two Citibank projects on financial and telecommunication services with over $67.4 million in insurance, a Chase Manhattan Bank telecommunications project with $200 million in insurance, one Energy Initiatives Inc. gas-fired power generation project with $150 million, and another gas-fired power generation project by Los Amigos Leasing Company, Ltd. with $200 million. In December 2000, OPIC insurance issued $99.5 million in political risk insurance to the Chase Manhattan Bank trustee for a loan to Celumovil S.A. Proceeds of the loan are being used for the expansion and refinancing of Celumovil's cellular telecommunications systems. In July 2001, OPIC provided $10 million in coverage to Kimberly-Clark, insuring its equity investment into its Colombian subsidiary, Colpapel. The proceeds of the equity investment in Colpapel will be used to purchase land, construct buildings and install machinery to produce 55,000 tons of tissue annually. In October 2001, the OPIC board approved a $200 million loan guarantee to CITIBANK to establish a lending facility for Latin America, initially focusing on Colombia, Bolivia, Ecuador, Peru, Paraguay, and Uruguay. By approving this facility, OPIC's board has taken an innovative step to allow much-needed capital to be lent to businesses in Latin American emerging markets.

LABOR

According to the Labor Ministry, official unemployment stood at 16.4 percent by year-end of 2001. The most recent report from the government's statistics office estimates Colombia's total population at 42.3 million, of which 32.5 million are in the working age-group. Of this age-group, 20.2 million constitute the economically active population. Thus, approximately 3.3 million of the country's workforce is unemployed while 16.9 million are employed.

Experts believe that in addition to that caused by the still weak economy, much of national unemployment is structural, or due to a mismatch between the skills of Colombian employees and the educational/skill requirements of the Colombian market—a gap which has widened substantially since 1991 economic opening. An additional 20 percent or so of the 20 million-strong Colombian labor force is considered to be under-employed, often working in the informal sector. Although unemployment is most visible in the cities, it is closely related to the rural security situation and its thousands of displaced peasants. As well, the relative cost per worker has increased over the last decade (higher wages and social security payments) while productivity has remained relatively constant, implying a relative loss of competitiveness of least qualified workers. Such decreasing demand for non-qualified labor plus an increasing demand for qualified workers have broadened the gap between wages of skilled and unskilled workers.

In 1984, the Colombian labor force was approximately 9,370,000, of which only 9.3 percent (873,442) were organized into unions. In 1990, the labor force was 11,273,000, of which 7.8 percent (880,115) were unionized. According to recent estimates by the Ministry of Labor, and the National Labor School (a labor-oriented NGO) for 2001, approximately six percent of the Colombian work force (1,212,000 workers) is organized into 5,470 registered unions, 70 percent of which are affiliated with one of three confederations (CTC, CGTD, and CUT). Not only has the percentage of unionized workers decreased, but also the statistics have probably been overestimated. According to a Colombian National University study, many unions have disappeared, but they continue to legally exist in the government's archives. Of the total number of unions in the country (5,470), only approximately 300 are industrial unions and the rest are sectoral or company unions (basic unions).

However, of those 300, only four (Fenaltrase, Fecode, Sintrahospitalarios, and Sintagro) have actually functioned as industrial unions, representing the negotiating capacity of a whole industrial sector. The rest of the industrial unions continue to function as basic unions. Although the current structure of union organizations in Colombia in theory contemplates third-grade unions (confederations), second-grade unions (federations or industrial unions), and first-grade unions (sectoral or basic unions), most efforts, measures, and regulations in practice have been focused on first-grade unions. This has limited the labor movement's negotiating capacity and organization. The high level of unemployment and weak union organization have also limited workers' bargaining power in all sectors. The standard workweek is six days/48 hours; the legal minimum wage in 2002 is 309,000 pesos (about $134/month), plus benefits. Roughly one-fourth of the work force earns the minimum wage.

The Colombian Constitution prescribes equal rights for women workers, the right to organize and to strike (except for the military, police and essential public employees), the right to organize and engage in collective bargaining, universal education, and expanded social insurance coverage. The Constitution also calls for the incorporation of ratified international labor conventions into the labor code. Labor regulations are virtually unrecognized in the large informal sector of the economy. As of December 2001, the Ministry of Labor had approximately 248 labor inspectors to cover 1,075 municipalities and more than 300,000 companies.

A number of trade-union leaders have been murdered, and threats, harassment, and acts of violence against trade-union officials abound. Approximately 1,550 union members were murdered throughout the 1990's. Also since 1996, 80 union members have suffered physical attacks, 49 have disappeared, 141 have suffered illegal detentions, 64 have been kidnapped, 1,597 have been threatened, and there have been 14 bombings to unions' headquarters. This situation has led to cases being lodged against the Government of Colombia by the Latin American Workers Central (CLAT), the World Federation of Trade Unions (WFTU), the International Confederation of Free Trade Unions (ICFTU) and the International Labor Organization (ILO). The murder of trade unionists shows no signs of abating. According to the National Labor School, 113 union members were murdered in 2000 and 184 were murdered in 2001, the majority by right-wing paramilitaries suspecting alliances with guerrillas. Colombia's largest labor confederation, CUT, reported 45 union members murdered in 2002 as of April 4. Ten of the victims were leaders, including members of the local executive committees, as well as three union presidents. Forty-two of those murdered were members of CUT, while three were members of the CGTD, Colombia's second largest labor confederation.

During 2001, strikes by workers in the banking, petroleum, and health sectors, and public school teachers caused losses of $17.8 million. National strikes by public workers occurred during 2001, while labor strikes continued throughout the first half of 2002, mainly in the transportation sector, the banana industry in Uraba region, the petroleum and mining sectors and in the government's telecommunications company, Telecom.

Restructuring Colombia's troubled pension system remains a major challenge. Before the first pension reform in 1993 (Law 100), pensions were organized on a pay-as-you-go basis. Contribution rates were low compared to the large benefits provided and the very generous pensions granted to some groups. Law 100 of 1993 was an important step to broaden the coverage of the pension system, reduce inequities, and provide adequate and sustainable retirement benefits. However, not all problems were solved. The reform established a dual regime by maintaining the pay-as-you-go regime managed by the Social Security Institute (ISS), while introducing as an alternative, a regime of defined contributions to funds managed by private institutions. The ISS and the private funds would compete for affiliates who could move back and forth between the regimes every three years. The reform left untouched some special pension regimes, most importantly regimes for teachers, employees of ECOPETROL, and the security forces.

As designed, the reform enacted in 1993 did not resolve the problems of the pay-as-you-go regime. The actuarial deficit has increased and cash imbalances have emerged in the ISS despite an increase in the contribution rate. The main reason for this is the reduction in the number of contributors, as young people have chosen the private plans. Thus, the government budget has covered the gap between payments of pensions and contributions for the public plans. A first step towards a more adequate reform was taken on December 28, 1999, when Congress passed Law 549, which created and regulated a national pension fund for territorial entities (FONPET). The Ministry of Finance established accounts in public or private pension funds, trust companies or insurance companies, for each of the regions' FONPET deposits. Regional governments may not withdraw the funds deposited in their accounts until 100 percent of their pension liabilities are covered. This aims at ensuring that FONPET serves the purpose of financing the pension-related part of the fiscal deficit. However, full funding to meet this obligation has not yet been found. The Pastrana administration has submitted to Congress a comprehensive pension reform, which would address issues such as raising the retirement age, increasing contributions, and unifying the multiple pension systems for different classes of public employees that now exist.

FOREIGN TRADE ZONES/FREE PORTS

The Colombian government operates a number of drawback and duty deferral programs in which it provides incentives for importers of capital goods, and exporters. The "free trade zones" and "special import-export systems" are two of such programs, which provide for the duty free entry of capital goods and materials to be used in production of export goods. The Colombian government regards duty free zones as poles of industrial, commercial, tourist and technological development focused largely on overseas markets. Free trade industrial zones were first created in Colombia in 1958 with the establishment of one in Barranquilla. Fifteen duty-free zones have been created in Colombia since, and have developed into commercial free zones for free trade of goods, industrial free zones for the promotion of industrialization, free zones for the promotion of technological services, and free zones for the promotion of tourism.

Duty-free zones are regulated by Decree 2131 of 1991, which established duty-free zones for industrial, tourist, and technological services supplied by private organizations, and Decree 2111 of 1992, which eliminated all state participation in the operation of duty-free zones through a process that concluded in 1994. Decree 97 of 1993 established tariffs for duty-free zones. Most companies operating in duty-free zones manage operations with large-scale production and a high degree of labor specialization. Foreign capital investment in duty-free zones is entitled to unrestricted repatriation of capital and profits. Users of duty-free zones are not obliged to surrender proceeds from the sale of goods and services on the official exchange market. They are also exempt from income, withholding and remittance taxes related to foreign sales. Goods traded within duty-free zones are considered outside of Colombian territory for import-export tariff purposes. Shipment to foreign markets of goods manufactured or stored in a duty-free zone need only authorization from the operator of the zone.

CAPITAL OUTFLOW POLICY

Reinvestment of corporate profits in Colombia for a period of five years or more allows foreign investors to avoid the otherwise mandatory seven-percent dividend income withholding tax or seven-percent remittance tax (depending on the method of repatriation.) Income derived as capital gains is taxed at a 35 percent rate. Colombia does not restrict export of capital or outward direct investment.

CAPITAL MARKETS AND PORTFOLIO INVESTMENT

Colombian capital markets suffered a severe crisis in the 1980's, which led to a period of liberalizing reforms in the 1990's. Since the opening of the Colombian financial sector in 1991, government policies have facilitated the free flow of financial resources to support industrial growth and development. Such reforms led to a period of recovery. Local companies benefited from access to foreign financing through capital markets. However, such a fast recovery and growth took by surprise supervisory authorities who did not adjust on time to the new financial landscape. This was made evident when a new crisis began in 1998. Financial opening took place simultaneously with a massive capital inflow arising from a boom in petroleum exports. Such excess of liquidity, in conjunction with increasing growth rates of GDP and aggregate demand, led to a credit boom and a historic increase in interest rates. Financial intermediaries took excessive risks in their loan provisions while regulating authorities lacked control capacity. Interest rates increased even more when the Central Bank adopted measures to keep the dollar price in pesos within its exchange band. This was the breakpoint that ignited a dramatic deterioration of profits, solvency ratios and portfolio indicators. Although such indicators have shown better performance as of June 2002, the Colombian capital markets remain largely vulnerable and underdeveloped.

Banking and Finance: The Colombian financial system is composed of specialized, legally distinct financial sub-sectors. These sub-sectors include commercial banks, savings and housing corporations, investment banks and commercial finance companies. The number of financial institutions increased considerably between 1990 and 1995, going from 94 up to 201 institutions during that period. This was followed by a decrease of the number of institutions since 1997 due to mergers and acquisitions in the sector. As of December 2001, the total number of financial institutions had decreased to 130. Ownership remains oligopolistic; one group controls more than a quarter of Colombia's total financial sector. During the last decade, the participation of foreign institutions in the financial sector increased from 8 percent in 1991 to over 30 percent in 2000, while the government's participation decreased from 55 percent in 1991 to approximately 18 percent in 2000. Thus, some foreign banks have bought large local assets, while the government is still to merge and/or eventually sell most of its remaining state-owned banks. The government's professed goal is to be left owning only the state agricultural bank (Banco Agrario). Bank sale proceeds are to go into maintaining Colombia's FDIC-equivalent, FOGAFIN, which has had a key role in easing Colombia's financial crisis.

The financial sector's serious recession and resulting difficulties during 1999, notably a severe "credit crunch," left losses to financial institutions of approximately $1.4 billion. Public banks were particularly affected by the crisis and were responsible for over 70 percent of the total losses (approximately $982 million). This led the government to decree Law 510 of 1999, which provided the Banking Superintendency with improved mechanisms of control, especially regarding portfolio risk qualification, and led the Constitutional Court to press the government towards implementing a new law for household financing. Also, previous economic emergency measures had begun to show results with better credit conditions (lower interest rates) for debt owners from FOGAFIN, which provided for cheap loans through financial institutions. Unemployment insurance was offered to debtors and the Constitutional Court established that resources from the tax on financial transactions should only be used to aid household debt owners and savings owners from bankrupted cooperatives, and to capitalize the public banking sector. Financial entities received capitalization resources amounting to approximately $1.5 billion during 2000, of which $933 million were provided by FOGAFIN and the rest by private shareholders of financial institutions. Approximately 97 percent of FOGAFIN's capitalization resources went to the public financial sector through bonds sold to Bancafe, BCH, Banco del Estado, Banco Agrario, Granahorrar, IFI, and FES.

These measures significantly improved solvency ratios of financial institutions, raising them to pre-crisis levels. Although financial institutions still registered losses of approximately $562 million by the end of 2000, they were almost half those of 1999. During 2001, the financial sector registered profits of approximately $125 million. Profitability of the public financial sector rose from (-11) percent in 1999 to 0.3 percent in 2001. According to the Banking Superintendency, the financial sector continued to register profits amounting to roughly $50.7 million in the first two months of 2002. The solvency ratio of the financial system is currently 13.1 percent, significantly higher than the legal minimum required of 9 percent. Outstanding loans slightly decreased from 10.7 percent in December 2000 to 9.3 percent in December 2001. Almost the entire financial sector currently meets the capitalization requirements recommended by the Basel Bank of International Settlements.

With respect to the exchange rate, until September 1999, the Central Bank administered a price-band system within which the price of dollars was permitted to fluctuate within a set range. The Bank intervened in the market by buying or selling dollars to keep the dollar's price in pesos within the band. On September 25, 1999, the Central Bank abolished the foreign exchange band, thus letting the dollar price in pesos float. The exchange rate as of December 2001, closed at COP 2,291.2 for one U.S. dollar. The exchange rate depreciated 2.8 percent. During the first half of 2001, the peso depreciated, while a higher supply of foreign currency in the second half of 2001 strengthened the peso versus the dollar. The average depreciation rate for 2001 was 10.2 percent. The excess supply of dollars in 2001 was partially absorbed by the Central Bank, which augmented its level of international reserves by approximately $1.2 billion. During 2001, the Central Bank's policy of accumulating reserves sought to control volatility, without attempting to defend a desired rate of exchange.

Through Resolution No. 6 of April 2000, the Central Bank provided for the elimination of a deposit requirement on foreign borrowing operations. Then in May, through Resolution No. 8, it authorized stock brokerage firms to act as intermediaries in the foreign exchange market. Thus, stock brokerage companies received authorization from the Board of Directors to trade foreign currency in operations related to foreign trade or foreign investment. These measures sought to increase competition, to make the exchange regime compatible with a new customs regime, and to promote the development of the foreign exchange market by aiding small and medium sized enterprises with their foreign currency operations.

Colombia's history of continuous timely servicing of its international debt obligations and, at least until recently, modest external debt burden earned the country "investment grade" credit ratings from the major rating companies. However, in 1999, these rating companies (namely Standard & Poors, Moody's, and Duff & Phelps) downgraded Colombia's debt to "speculative grade," citing Colombia's faltering peace process, increased security concerns, and insufficient progress in fiscal consolidation.

The rating downgrades had little impact on the secondary market prices of Colombian debt, as the move had largely been priced into the market already. Colombian debt had traded at significantly wider spreads than would be indicated by its "investment grade" rating for some time. In May 2000, Standard & Poors downgraded Colombia's short-term perspectives to "negative" citing uncertainty in the peace process and insufficient progress in needed structural reforms. In June 2000, the firm Thompson Financial Bankwatch, which opened an office in Colombia in 1999, downgraded the country's sovereign debt from "stable" BB+ to "negative" BB-, citing political instability and increasing violence. Foreign perspectives deteriorated even more after financial crises unfolded in Turkey and Argentina in early 2001. In contrast to the treatment given to those countries, in April 2001, Moody's maintained Colombia's short-term prospects at "stable," citing increased stability in Colombia's foreign accounts and the country's efforts to balancing its fiscal accounts. However in December 2001, Fitch downgraded Colombia's long-term local and foreign currency ratings to BBB-, citing increases in public sector debt, persistent fiscal imbalances and diminished growth prospects. Then in March 2002, Moody's changed Colombia's outlook to "negative" citing an "upward trend" in public debt despite the narrowing of the fiscal deficit, future financing pressures from the still-pending pension reform, weak export prospects, and the collapse of the peace process with the FARC guerrilla organization. The major rating companies have reiterated that Colombia would not improve its credit rating until it deepens its structural reforms, thus permitting a reduction of its local and foreign debt indicators.

Related Party Transactions: Decree 663 stipulates that loans to a financial institution's principal officers, their relatives or shareholders with a five percent or greater stake must be unanimously approved by the financial institution's board of directors. Loans to related parties (except those made to employees as part of health, housing, education, or similar programs) must not be offered at terms more attractive than those offered to non-related parties. Financial institutions are prohibited from making loans to broker-dealer, fiduciary, and pension fund management subsidiaries.

Stocks and Bonds: Colombia's economic recession of 1999 and continued economic instability through 2000 was particularly hard on the country's small securities market. During 2001 Colombia's securities market was restructured. Colombia's three exchanges, which functioned as separate entities, and their respective stockholder assemblies, merged into one from July 2001. Bogota's exchange remained the headquarters, while Medellín and Cali began functioning as regional offices of the Colombian market. Forty-two stock brokerage firms constitute the new exchange, which has integrated the previous three stock indices (IBB, IBOMED, IBO) into a single index (IBC). The exchange is self-regulating within the guidelines set by the Superintendency of Securities. It sets admission policies, monitors transactions, conducts audits of brokerage activities, and enforces rules through its disciplinary bodies. The total reported volume of Colombia's previous three public exchanges (Bogotá, Medellín, and Occidente) fell from approximately $29 billion in 1999 to $26 billion in 2000. In 2001, the year of the merger, Colombia's exchange total volume rose to $35.6 billion.

Over the last years, the securities market has traded fewer stocks and more bonds and fixed income securities. During 2001, debt-type securities accounted for 95.6 percent of all transactions, rising from 88.8 percent in 2000. Stocks fell from 11.2 percent in 2000 to 2.2 percent in 2001. During 2001, private bonds made up 5.5 percent of volume, while public bonds accounted for 8.8 percent. Roughly 20 percent of total volume was in certificates of deposit, 59 percent in treasury bills (TES), and the remaining 6.4 percent in other types of securities (so-called TP's, TAC's, Cedulas Hipotecarias, etc). Total market capitalization of the most widely traded companies in 2001 was approximately $10.7 billion, down from $15.2 billion in 2000. The stock market has suffered from the view of international investors that Colombia is a high-risk environment.

By law, Colombian financial entities must comply with minimum investment requirements in government paper to promote social investment. For example, almost all banks and credit institutions are mandated to invest at least 2 percent of their liabilities in TDAs (agricultural development bonds.) Additionally, pension funds, insurance companies and mutual funds have regulated investment regimes in which government paper is classified as "eligible securities." Therefore, much of the market is represented by securities issued or backed by the government—over 69 percent of total transactions in 2001.

The securities market is regulated by the Superintendency of Securities (Supervalores), which answers to the Ministry of Finance. Supervalores oversees the exchanges, regulating market intermediaries, brokers' fees and the financial disclosures of listed companies. The Superintendency of Banks assumes some of the functions of Supervalores with regards to pension fund trading. The Superintendency of Securities has promulgated regulations aimed at ensuring transparency and honesty in the marketplace. These rules address registration of shares, processing of orders and the broker-client relationship. Most notable are the requirements for a standardized prospectus, financial reports and accounting procedures. Listed companies must present quarterly financial disclosures and annual, externally audited financial statements.

The institutions responsible for policing this integrated exchange include the National Registry of Stocks, the Central Depository of Stocks and the Centralized Depository of Stocks of Colombia (DECEVAL). The National Registry is currently maintained by the Superintendency of Securities to enroll market intermediaries and listed companies. The Central Depository and DECEVAL ensure smooth transactions by providing a central holding place for stocks. Insider trading is prohibited, but there is little protest or action when it occurs. Sanctions have been rare. Typically, complaints involve routine matters such as failure to settle a transaction within a fixed time period. Enforcement is less diligent than in the U.S.

Ownership Limitations: Previous legislation which prohibited foreign investment funds from acquiring more than ten percent of the outstanding voting shares of any Colombian company was revoked by Decree 2080 of October 18, 2000, which lifted restrictions to foreign investment in publicly traded companies. Thus, automatic authorization for foreign investment funds was established. "Cross-shareholding" and "stable shareholder" agreements are not used by private firms to restrict foreign investment through mergers and acquisitions. Likewise, private firms are not authorized to adopt articles of incorporation/association which limit or prohibit foreign investment, participation, or control.

FOREIGN DIRECT INVESTMENT STATISTICS

New Foreign Direct Investment (FDI) declined in 2001. According to the Colombian Central Bank and Colombia's investment promotion agency Coinvertir, new FDI totaled approximately $2 billion in 2001, down from $2.4 billion in 2000. This drop is attributed to several factors, including the perception of Colombia as a high-risk investment environment with considerable political uncertainty and lagging privatization. However, foreign fund portfolio investment in Colombian equities significantly recovered, more than compensating for the fall in FDI flows. As of the end of 2001, total foreign fund equity investment rose from $1.3 billion in 2000 to $3.3 billion in 2001, representing a 151 percent increase. This is the highest level registered in the last 8 years.

8. TRADE AND PROJECT FINANCING

THE FINANCIAL SYSTEM

The financial sector's regulatory framework consists of a central bank (Banco de la Republica/BOR), the Vice Ministry of Finance, the Banking Superintendence and the Financial Institutions Guarantee Fund (Fondo de Garantias de Instituciones Financieras/FOGAFIN).

The Colombian Banking Superintendence and the Board of Directors of the Central Bank are charged with implementing financial sector regulatory policies. The Central Bank is the independent regulatory authority for the monetary, currency exchange, and credit policies of the central government. It also acts as the fiscal agent for the Colombian government by printing money, controlling currency circulation and international reserves. Further, it determines the limits on interest rates that commercial banks and other financial institutions charge on loans, and acts as their lender of last resort.

The Banking Superintendence supervises and regulates all financial institutions (including credit unions or "cooperatives" since early 1998) which must obtain authorization from the Superintendence before opening their doors for business. The Superintendence imposes administrative sanctions on violators of the established regulations or financial institutions' bylaws.

Financial Institutions and Activities: The inherent financial activities in Colombia are provided by the following institutions under the direct supervision of the Banking Superintendence: 29 commercial/mortgage banks, eight financial corporations and 32 commercial finance companies. Banking Superintendence also supervises six pensions and severance fund managers, 42 trust companies, 11 financial warehouses and 14 foreign exchange dealers; as well as 50 insurance companies, and five capitalization companies. Other entities under Banking Superintendence are103 representation offices of foreign banks, 107 insurance brokers 10 representation offices of foreign reinsurance companies, 13 credit cooperatives and several state-related quasi-financial institutions.

Financial institutions with foreign ownership include six mix banks (with Colombian and foreign capital), and three foreign banks (Citibank, Bank of Boston, and ABN-Amro Bank). Three government-owned banks are in the process of privatization or scheduled to be privatized, and two financial corporations (savings/housing) are converting to commercial banks per the housing Law 546 of 1999.

Until July 2001, the Colombian stock market consisted of three major stock exchanges: the Bolsa de Bogota, Bolsa de Occidente in Cali, and the Bolsa de Medellin plus the small Bolsa Agropecuaria for agricultural commodities. However, in July 2001, the three stock exchanges merged into the "Bolsa de Valores de Colombia" (Colombian Stock Exchange).

Sector Associations: The following are the major associations in the financial sector:

- The Banking Association (Asociacion Bancaria y de Entidades Financieras de Colombia- ASOBANCARIA). Groups all banks, financial corporations, savings and loans corporations, fiduciary (trust) companies, and some of the pension and investments funds.

- National Association of Financial Institutions (Asociacion Nacional de Entidades fFinancieras - ANIF). Research institution affiliated with major banks.

- The Association of Commercial Financial Companies (Asociacion de Compañias de Financiamiento Comercial - AFIC), groups the firms active in this area.

- Association of Trust Companies (Asociacion de Fiduciarias). Groups trust companies.

- Federation of Insurance Companies (Federacion de Aseguradoras Colombianas - FASECOLDA). Groups the insurance companies.

- Colombian Federation of Leasing Companies (Federacion Colombianas de Companias de Leasing - FEDELEASING). Groups the firms that provide this financial service.

- Colombian Association of Pension and Investment Funds (Asociacion Colombiana de Administradores de Fondos de Pensiones y de Cesantia - ASOFONDOS). Groups the six companies engaged in administering the pension and severance funds (public and private).

Due to financial difficulties, reduction of legal equity, lack of mandatory capitalization bad managerial practices, there have been interventions by the Banking Superintendence in several financial institutions during the last few years. However, the main reasons for the difficulties encountered in the sector are due to the economic recession suffered by the country over the past three years. The Superintendence's goal is to restructure and reduce the number of institutions in the financial sector.

Foreign investors have full access to local credit. While the Colombian Government still directs credit to some areas (notably agriculture), credit is, for the most part, allocated by the private financial market. Credit subsidies are available in certain circumstances such as agriculture and technology investment and infrastructure in free trade zones. The Government believes in incentives for foreign investment and is currently reforming key pieces of legislation, which will allow further promotion of foreign investment in Colombia. A bill was passed in Congress to eliminate Article 58 of the Constitution, which allowed expropriation without indemnification.

In 1993, Law 35 established when the Colombian Government may intervene in the financial sector. This law also provided for the transformation of leasing companies into commercial finance companies engaged in leasing and other consumer activities. Furthermore, it allowed savings and loan institutions to lend funds in areas other than construction and to participate as foreign exchange intermediaries.

FOREIGN EXCHANGE CONTROLS AFFECTING TRADE

Colombia imposes no foreign exchange controls on trade. However, exchange regulations require that the following transactions are channeled through intermediaries (i.e. banks or other recognized financial institutions) authorized for such purposes:

- Imports and exports of goods;
- External loans and related financing costs;
- Investment of capital from abroad and remittances of profits thereon;
- Investment of Colombian capital abroad, as well as remittances of yields;
- Investment in foreign securities and assets and their associated profits;
- Endorsements and guarantees in foreign currency; and
- Derivative or secondary financial operations, e.g. forwards, swaps, caps, floors or collars

PRIOR DEPOSIT REQUIREMENT

External Resolution No.5 of May 1997 from the Banco de la Republica eliminated the requirement of registering with the Central Bank all foreign exchange loans obtained in Colombia. Further, External Resolution No. 6 of 2000 abolished prior deposit requirements with the Central Bank for public and private external loans as well as for foreign financing of imports into Colombia.

GENERAL TRADE FINANCING AVAILABILITY AND TERMS OF PAYMENT

Loans of foreign origin or foreign financing of imports are permitted. The Central Bank may also

establish some conditions, i.e., interest rates, end-uses, quantity limits, terms and other pertinent conditions to avoid undue pressures on inconveniences to the Colombian exchange market.
Financing/payment: Most products are imported through letters of credit or time drafts. Soft and long-term financing is an important sales tool, especially for government imports or public tenders. Colombian Imports may be financed by foreign suppliers, financial intermediaries in Colombia, or foreign financial institutions.

Colombian importers may freely negotiate payment terms with their suppliers, but importers must list the agreed payment terms on the import documents and may not subsequently change them. These are generally between one and six months for imported products for immediate consumption, including raw materials, intermediate goods, and consumer goods, with almost no term limitations for capital goods, which are payable within the timetables set on the import documentation, plus a grace period of three additional months.

Foreign payments may be authorized in installments, but in no case can the original terms listed on the import documents be changed. The continuous changes in monetary measures may limit amounts, advance deposits, and payback timetables for direct external loans.

U.S. exporters should be alert to financial market competition and be prepared to offer soft and long-term financing after verifying the customer's credit status and the guarantees offered. Local importers usually obtain trade financing from commercial banks or credit agencies.

Colombian exporters have access to credit offered by the Colombian Foreign Trade Bank (Banco de Comercio Exterior - BANCOLDEX), which replaced the former Export Promotion Fund - PROEXPO. This credit is granted at competitive commercial rates and may be requested at any stage of a foreign trade transaction (including raw material purchase, technical assistance, marketing and promotion, shipment, etc.). This credit is now being extended to Colombian importers--namely for industrial imports. Export financing is provided through both private and multinational lenders, and through domestic sources. Exporters can arrange for financing of their local suppliers through domestic back-to-back letters of credit. Terms include advance payment, cash on delivery, letter of credit, documentary collection of bills of exchange, consignment, and open account.

General trade finance is freely available and letters of credit are widely used in Colombia. Methods, terms, and conditions of payment vary with the type of credit. Most imports of equipment are paid via irrevocable 180-day letter of credit (L/C), payable on sight against shipping documents. The L/C replaces the exporters' credit risks with that of the issuing bank.

Normal payment term is 60 days. There are transactional cases in which suppliers may extend terms to 120 days by time draft, but this is not common practice. When a satisfactory trading relationship has been established, terms are those generally applied in international trade. Short-term is considered any term less than one year; medium-term is from one to three years; and, long-term ranges from five years up to twenty years or more.

Non-traditional project financing schemes such as supplier credits are readily available from foreign suppliers. Leasing, domestic and international (both operating and capital) financing are becoming popular, mainly because of the tax benefit it provides. Factoring is also available as well as international credit insurance. Transactional financing is more associated to consumer goods trade, while equity-based financing is more commonly used for project financing.

AVAILABLE PROJECT FINANCING

EXIM: The Export-Import Bank of the U.S. (Eximbank) provides a full range of services in Colombia after the re-certification of Colombia by the U.S. Government for counter-narcotics cooperation. Loans approved and committed to prior to the March 1996 de-certification continued to be honored and executed during the de-certification period.

Eximbank offers a range of loan, insurance and loan guarantee programs to facilitate exports of U.S. goods and services to Colombian governmental and private companies. Eximbank's programs include direct loans, commercial lender working capital, loan guarantees, and intermediary loans. Eximbank also offers various export insurance programs, including short and medium-term export insurance, multi-buyer insurance, letter-of-credit insurance, and lease insurance policies.

Exports of capital equipment may be supported by Eximbank's long-term loans and guarantees (up to ten years repayment), or medium-term loans, guarantees and insurance (up to five, exceptionally seven, years including disbursement). Long-term business in Colombia has been concentrated in the natural resource, aircraft, power, and petrochemical sectors. Exports of consumer goods, spare parts, and raw materials may be supported under Eximbank's short term (up to 180, exceptionally 360 days) credit insurance.

On the buyer's credit side, Eximbank offers long term direct loans and guarantees (repayment in ten years) as well as mid-term loans and guarantees (repayment in five years). In Colombia, Eximbank does not require that a commercial bank be the obligator or guarantor on mid-term transactions. If the risk is with a non-bank company, its audited balance sheet and income statements must be very strong, and the company must have a good commercial track record.

Most of Eximbank's recent medium-term Colombian business has been under Credit Guarantee Facilities (CGF). A CGF is a medium-term line of credit extended by an U.S.-based bank to a foreign bank that is, in turn, guaranteed by Eximbank. Companies in Colombia wishing to purchase U.S. goods or services can approach participating U.S. and/or Colombian banks with Eximbank for credit.

If the Colombian bank agrees to extend the purchaser credit, it will execute a transaction utilizing the credit facility it has with a participating U.S. bank. The Colombian purchaser can then advise its U.S. supplier that financing arrangements have been concluded. The U.S. supplier then presents its export documents to the funding U.S. bank and receives payment. The Colombian bank is the obligor under these facilities and the party responsible for repayment to the U.S. bank.

Eximbank requires information on proposed obligators and guarantors. Such information includes financial statements and credit references. Engineering data is required for long-term transactions. The maximum coverage is 85 percent of the equipment FOB price.
For additional information on Eximbank programs please contact:

Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington, D.C. 20571
Phone: (800)565-EXIM, (202)565-3946
Fax: (202)565-3380
e-mail: bdg@exim.gov
Internet: www.exim.gov

OPIC: OPIC is a U.S. government agency that supports, finances and insures projects that have a positive effect on U.S. employment, are financially sound and promise benefits to the social and economic development of the host country. OPIC assistance is available for new investments, privatization, and for expansion and modernization of existing plants sponsored by U.S. investors. There is no requirement that the foreign enterprise be wholly owned or controlled by U.S. investors. However, for a project with foreign ownership, only the portion of the investment made by the U.S. investor is insurable by OPIC.

As with Eximbank, the services of the Overseas Private Investment Corporation (OPIC) were temporarily suspended from March 1996 to March 1998 due to the U.S. de-certification of Colombia. OPIC reinstated its programs in Colombia immediately after re-certification.

Written requests for general information should be addressed to:
Information Officer

Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, DC 20527
Tel: (202) 457-7010; Fax: (202) 408-9859
e-mail: info@opic.gov
www.opic.gov

Multilateral Funding Agencies and Financial Markets: Multilateral agencies such as the World Bank through IFC, the Interamerican Development Bank, the Andean Development Corporation, the Export-Import Bank of Japan, the Agency for International Development of the U.S. (and also those of Japan and Canada) and the U.S. Overseas Private Investment Corporation (OPIC) are active in providing financing for projects in Latin America and the Caribbean. However, the only organization to provide major direct financing for Greenfield projects in Colombia, is the Andean Development Corporation (ADC). The ADC has provided direct financing to the private sector for the development of Greenfield projects in various infrastructure sectors.

Major multilateral agencies, such as the World Bank, can not lend directly to the private sector, although they represent a very important source for financing government projects. The Interamerican Development Bank (IDB) established a private sector department only three years ago. These new sources, along with the debt, equity and quasi-equity financing provided by the Interamerican Investment Corporation, may become an important financing source for infrastructure projects developed by the private sector.

Recent infrastructure projects have been financed mostly by syndicated loans with participation of foreign commercial banks and multilateral agencies and to a lesser degree by accessing foreign capital markets. The access to foreign commercial banks has been necessary; not only to obtain the financial closing of projects on time, but also to obtain bridge loans before the projects can access the capital market.

Major limitations faced by the sponsors in obtaining non-resource financing through multilateral agencies or by accessing the capital markets are related to deficiencies in the legal documentation and financing structure of the projects. The access to non-resource financing is based on the correct allocation of external and internal project risks among the sponsors, developers, and users of the project. In most cases, projects have been developed through contracts awarded by the public sector to a private consortium in which the allocation of risks (costs overruns, commercial and regulation risk) is not acceptable to institutional investors or multilateral agencies. To obtain this type of financing, the Central Government has provided guarantees of payments, as was the case for most of the power projects developed in the last four years.

Given the current budgetary deficit, the Central Government has adopted a much more restrictive policy toward national guarantees to back up projects' debts. In many cases, restrictions have determined the access to commercial banking loans, which are an easily accessible "alternate" financing source of short duration. Commercial banking loans do not constitute an optimal source of financing, because of the financial conditions (terms and interest rates) offered by the banks, including shorter terms and higher rates than those obtained with multilateral agencies or in the capital markets.

IADC: The Inter-American Development Corporation (IADC) approved an important equity amount investment in Corfisura Fondo de Desarrollo de Empresas (Colombia's first development capital fund) to provide development capital to export-oriented companies in agri-business, manufacturing, mining, and emerging technology sectors. The fund will seek long-term capital gains by investing in equity and quasi-equity securities issued by small and medium-size businesses that need capital for growth and will assist entrepreneurs in the areas of management, technology, and market development. By investing in the fund, the Interamerican Development Corporation will help to support a larger number of beneficiaries than it could reach directly.

World Bank: In 1994, Colombia approved through Law 149, its adherence to the Multilateral Investment Guarantee Agency (MIGA), created in 1985 by the World Bank, to stimulate the flow of resources for productive ends between member countries and in particular toward developing countries. The agreement has been an effective instrument in attracting foreign investment to Latin America countries and in the case of U.S. firms, helped to substitute for OPIC during the time Colombia was decertified.

Colombian Financing Sources: In Colombia, the level of national savings has not been sufficient to sustain the development process, and consequently the Government and the Central Bank (Banco de la Republica) are important sources of funding for the financial system. The Banco de la Republica, in addition to providing the usual discount facilities to support system liquidity, manages several special government funds to promote lending into a number of sectors that have been determined to be important to development or economically essential.

The funding resources come from government capital, bonds (a portion of which the financial institutions are required to buy and, to that extent, may be funding themselves) and current fiscal appropriations, if needed to cover deficits. Accessibility to the funds tends to require considerable paperwork; applicants must qualify, and margins are limited. Their importance as funding resources has been diminishing rapidly, however, and their impact currently is probably less than two percent of total banking resources. The decline in usage is due to the relatively unattractive margins involved and the rapid increase in bank liquidity over the last two years.

Colombia's Industrial Development Fund (IFI) has been heavily involved in project financing and has taken over most of the obligations acquired by the financial funds administered by the Central Bank before the restructuring of the Central Bank in 1992. IFI has equity in such major Colombian projects as the Cerromatoso ferronickel mine and the Cerrejon open pit coal mine (the world's largest).

BANKS WITH CORRESPONDENT U.S. BANKING ARRANGEMENTS

Virtually all-Colombian banks have correspondent banks in the United States. The following are some major Colombian banks with correspondent relationships:

Colombian Bank	**U.S. Correspondent Banks**
Banco Cafetero	Atlantic Bank of Miami Banco Cafetero Intl. Corp. Miami Barclays Bank of Miami JP Morgan Chase, New York Dutch Bankers Trust, New York Citibank, New York Wachovia Bank of Philadelphia, Miami Standard Chartered Bank of New York Bank of New York, New York Bank of America, Miami ABN Amro Bank, New York
Banco de Bogotá	American Express Banco de Bogota, Miami Banco de Bogota, New York Bank of America, San Francisco

	Bank of New York
	Bank One of Miami
	JP Morgan Chase, New York
	Citibank, New York
	Commerce Bank of Miami
	Barclays Bank of Miami
	Union Bank of California
	Bank of Montreal of New York
BanColombia	JP Morgan Chase, New York
	Citibank of New York
	American Express
	Bank of New York
	Wachovia Bank of Philadelphia, New York
	Standard Chartered of New York
	Barclays Bank of New York
	Bank of America
Banco Ganadero	ABN Amro Bank of Miami
	Banco Ganadero of Miami
	Dutch Bankers Trust, New York
	Citibank, New York
	First Union National Bank of New York
	Standard Chartered, Miami
Banco de Occidente	Nations Bank of Florida
	Citibank, New York
	Chemical Bank, New York
Banco Popular	Bank of America, San Francisco
	Bank of Boston, Miami
	Union Bank of California
	Dressner Bank of New York
	Commerce Bank of New York
	Bayerische Hypound-Vereins Bank of New York
	Citibank, New York
	Standard Chartered of Miami

According to information provided by the Federal Reserve Bank of the United States. there are five Colombian banks which have branches in the U.S.: Banco de Bogota has branches in Miami and New York City, Banco Cafetero has a Miami-based Edge Act bank; Banco Ganadero operates a Miami-based Agency which is chartered by the U.S. Government; and Colpatria also has a Miami-based agency which is chartered with the State of Florida.

9. BUSINESS TRAVEL

BUSINESS CUSTOMS

There is a very vigorous international business community in Colombia, with hundreds of well-established companies committed to a long term presence. Most companies know their risk profiles and take appropriate measures. It is expensive, but is a cost of doing business. Colombia, in terms of natural and human resources, offers a strategic location, a well-developed industrial and infrastructure capacity, and a modern business environment.

International media focuses almost exclusively on Colombia's bad news. News about the "40 million good Colombians" carrying on with their lives is not told very often. First-time business visitors are usually pleasantly surprised at the high level of development and sophistication of the Colombian private sector. Most business visitors never leave the modern urban cities. Those who do (to oilfields and mines) do so under controlled conditions. As with anything in business, the key is be aware and prepared.

Colombian business people tend to be well-educated (often with some training in the U.S.) and professional. They are serious, hardworking, and share many of the same work habits and ethics as business people in the United States. This is one of the many reasons that, despite Colombia's political and social problems, knowledgeable U.S. business people have for many years come to Colombia to do business.

Colombians tend to be friendly, straightforward and direct in their business dealings. They understand the give-and-take of business, and look to negotiate business arrangements which will be of mutual advantage to both parties. Colombian business people are generally punctual, yet flexible, and expect the same of their business associates. Most business customs are similar to those in the U.S.

Given the proximity of the two countries and the long-term presence of U.S. firms in the market, Colombians are used to doing business with the U.S. Many of them have traveled or studied in the United States and have family members or friends there. Colombian executives and technicians, as well as government officials, travel frequently to the U.S. for meetings, conferences, trade fairs, training and tourism.

Working breakfasts and lunches at hotels and private clubs have become common practice in most Colombian cities. Dinner meetings tend to be less formal. Business cocktails and official receptions are common events and are used as opportunities to make contacts and discuss outstanding business. Colombian trade associations, government entities, and private firms are hosting an increasing number of national and regional conventions, conferences, and seminars in the country. These events present excellent opportunities for meeting Colombian business people and key government officials as well as for assessing market potential.

TRAVEL WARNING AND VISAS

There is currently a State Department travel warning in effect for U.S. citizens planning travel to Colombia. This warning is due to the violence which continues to affect all parts of the country, and the fact that U.S. citizens have been victims of recent kidnappings, threats and murders (see Section VII "Investment Climate - Political Violence" for additional background information).

Most business persons who visit Colombia travel primarily to the major cities and commercial centers of Bogotá, Cali, Medellín, Barranquilla and Cartagena, where caution should be taken against common large-city crimes such as pickpocketing, jewelry and purse-snatching, and currency scams. Selecting a good hotel, keeping valuables in a hotel safe, using authorized taxis and hired car services, and using common sense in avoiding certain areas of town will help to reduce the risk of falling victim to these crimes. At airports, care should be taken with hand luggage and travel documents.
Travel between cities should be by air in order to avoid rural areas controlled by guerillas, narcotraffickers and paramilitary groups. Travel outside of the major cities is not recommended. Those who absolutely must travel to facilities in outlying areas (most commonly oil and mining professionals and technicians) are advised to adhere strictly to the security regulations and guidelines established by their companies.

U.S. citizens can refer to the Department of State's pamphlet, *A Safe Trip Abroad*, for ways to promote a more trouble-free journey. This publication and others, such as *Tips for Travelers to Central and South America*, are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; via the Internet at http://www.access.gpo.gov/su_docs; or via the Bureau of Consular Affairs home page at http://travel.state.gov. Travelers can also hear recorded information by calling the Department of State in Washington, D.C. at (202) 647-5225 from a touch-tone telephone, or receive information via automated telefax by dialing (202) 647-3000.

Upon arrival in Colombia, U.S. citizens are encouraged to register at the Consular Section (American Citizens Services) of the U.S. Embassy in Bogotá and obtain updated information on travel and security in Colombia. The Consular Section is open for citizen services, including registration, from 8:30 a.m. to 12:00 noon Monday through Thursday, excluding U.S. and Colombian holidays. The U.S. Embassy is located at Calle 22 D Bis, No. 47-51 (at the intersection of Avenida Eldorado and Carrera 50); Tel: (571) 315-0811, during business hours (8:30 a.m. to 5:00 p.m.), or 315-2109/2110 for emergencies during non-business hours; Fax: (571) 315-2196/97. The Consular Agency in Barranquilla is located at Calle 77B No. 57-141 Of. 511; Tel: (575) 353-2001; Fax: (575) 353-5216.

Visas: U.S. citizens traveling to Colombia are required to carry a valid U.S. passport and a return/onward ticket. U.S. citizens do not need a visa for a stay of sixty days or less. Stiff fines are imposed if passports are not stamped on arrival and if stays exceeding sixty days are not authorized by the Colombian Immigration Agency (DAS Extranjeria).

Although business travelers may enter Colombia on a tourist visa, they may not establish a domicile in Colombia and the activities they engage in may not produce honoraria or salaries in Colombia. Businessmen traveling under a tourist visa also should be aware that contracts they sign or business they transact may be considered invalid and non-binding. Business visas are valid for up to three years, can be renewed, and can be used for multiple entries into Colombia for stays of up to six months per visit.

Persons wishing general information concerning Colombia should communicate with the Colombian Embassy in Washington, DC at 2118 Leroy Place, N.W., Washington DC, 20009; Tel: (202) 332-7476 or (202) 332-7573.

Persons wishing information concerning entrance requirements to Colombia, laws, and related matters should communicate with the Colombian Consular office nearest their place of residence. Colombian Consulates throughout the United States are located in Atlanta, GA; Boston, MA; Beverly Hills, CA; Chicago, IL; Houston, TX; Coral Gables, FL; Minneapolis, MN; New Orleans, LA; New York, NY; San Francisco, CA; Hato Rey, Puerto Rico; St. Louis, MO; Washington, DC; Wheeling, WV; East Lake, OH; Detroit, MI.

U.S. NON-IMMIGRANT VISAS FOR COLOMBIANS

U.S. visas are required for all Colombians entering the United States. Anyone planning to invite Colombians to visit the U. S. for any reason should (business meetings, trade shows, training, etc.) take in consideration the time needed to obtain a visa. Due to very high visa demand, it takes approximately 13 months or longer to obtain an appointment for a visa interview. The interview does not guarantee the visa issuance. Given the long wait for U.S. visas, it is especially important for companies that organize cruises and incentive travel to plan in advance. Potential travelers to the United States should apply for a visa well in advance of their trip and, once they have obtained a visa it should be kept current.
For additional information or updates, please consult the home page of the U.S. Embassy in Bogota at http://usembassy.state.gov/colombia.

The Consular Section has a special Business Visa Program for companies. Firms registered with the Consular Section of the Embassy and meeting specific criteria are able to process visas for executives and their families (spouses and unmarried minor children) without the need for a personal interview. For further information, please contact the Business Visa Program Officer from 1:00 – 2:30 pm only at (571) 315-1566, or send an information request to Fax (571) 315-2127.

HOLIDAYS

Prior to planning business travel, it is advisable to consult the schedule of Colombian holidays. It is strongly recommended that business trips be avoided during Holy Week (the week before Easter) and the Christmas holiday season (December 15 to January 8). Visitors may also find it difficult to make business appointments during “puentes” (Fridays or Mondays which “bridge” the weekends with official holidays falling on Thursdays or Tuesdays.)

Colombia’s official holiday calendar for the second semester of 2002, is as follows:

July 1	Monday (St. Peter & St. Paul)
July 20	Saturday (Independence Day)
August 7	Wednesday (Battle of Boyaca)
August 19	Monday (Assumption Day)
October 14	Monday (Columbus Day)
November 4	Monday (All Saints' Day)
November 11	Monday (Independence of Cartagena)
December 25	Wednesday (Christmas Day)

Regional Holidays: December 24 through December 30, 2002 (Folklore Festival). Offices open only from 8:00 - 12:00, Cali.

Colombia’s official 2003 holiday calendar, is as follows:

January 1	Wednesday (New Year’s Day)
January 6	Monday (Epiphany)
March 24	Monday (St. Joseph)
April 17	Thursday (Holy Thursday)
April 18	Friday (Good Friday)
May 1	Thursday (Labor Day)
June 2	Monday (Ascension Day)
June 23	Monday (Corpus Christi)
June 30	Monday (Feast of The Sacred Heart) and (St. Peter & St. Paul)
July 20	Sunday (Independence Day)
August 7	Thursday (Battle of Boyaca)
August 18	Monday (Assumption Day)
October 13	Monday (Columbus Day)
November 3	Monday (All Saints' Day)

November 17	Monday (Independence of Cartagena)
December 8	Monday (Feast of the Immaculate Conception)
December 25	Thursday (Christmas Day)

Regional Holidays: March 1 through March 4, (Carnival), Barranquilla. December 24 through December 31, 2003 (Folklore Festival). Offices open only from 8:00 am - 12:00 pm, Cali.

BUSINESS INFRASTRUCTURE

Hotels: There is a wide variety of hotels in Colombia. Many international hotel chains have entered the market throughout the country. Facilities and services in major Colombian hotels are similar to those found in the United States. Prices vary, but generally range from $90-$180 per night for a single room including continental breakfast. Among well-known hotels located in Bogotá are: (near downtown and the airport) Four Points Sheraton, Forte Capital, Hotel La Feria – Hoteles Estelar; (in the north of town) Grand Mercure, Embassy Suites, Morrison Hotel, Hotel Cosmos 100, Lugano Imperial Suites, Victoria Regia, Bogotá Royal, Radisson Royal, Hacienda Royal, La Fontana, Casa Medina, and Casa Dann Carlton. In Medellín: the Intercontinental Hotel, Park 10, Poblado Plaza and Las Lomas (Rionegro). In Cali: the Pacifico Royal, Dann Carlton, Casa del Alferez, and Intercontinental Cali. In Cartagena: Hilton Hotel, Las Américas Coralia, Santa Clara Hotel, and the Santa Teresa Hotel. In Barranquilla: Hotel del Prado, Royal Hotel and Dann Hotel. Some of these hotels provide shuttle services to and from the airport. For more information please visit our web page www.uscommercialservice.com/colombia/en (1. Click on "Information on Colombia"; 2. Click on "Find Service Providers in Colombia" and 3. Clic on "Hotels).

Communications: Colombia has a reliable domestic and international telecommunications system. Currently, there are three operators competing for the long distance services. Cellular phones are widely used in Colombia with automatic roaming within the country; there are also roaming agreements with the U.S. and most other Latin American countries. Three private companies offer cellular phone services in the country. Colombia is the fourth largest Internet market in Latin America, with approximately 600,000 Internet accounts nationwide and 1.5 million end-users. Teleconferencing facilities are also available.

Airports: Colombian air transportation is well-developed with international airports in Bogotá, Barranquilla, Cartagena, Cali and Medellín providing regular flights to major cities abroad. Currently, there are five major airlines that provide approximately 123 direct weekly flights between Colombia and the U.S. Frequent domestic flights connect principal cities within Colombia. Business travelers should be aware that prior flight reservations within Colombia (even though pre-paid) are not always honored, and flights may be overbooked to popular destinations such as Cartagena.

Taxis: There is taxi service available at all major hotels. Given traffic conditions and security concerns, it is recommended that business travelers contract hourly taxi service or hired cars with drivers. Ask your reservation agent to make arrangements with your hotel for your transportation. The current rate is about $7.00 per hour. If normal yellow city taxis must be utilized, ensure the hotel/restaurant calls a "radio taxi". A called taxi has an extra cost of Col$ 1,000 ($0.50) over the total price. Do not hail taxis in the street and never share a cab with an unknown person (including the driver's "brother, son, cousin, etc."). Taxis fares increase 30 percent after dark.

International Hour: Colombian time is the same as U.S. Eastern Standard time, without daylight-saving adjustments, e.g. Washington in Winter, Chicago time in summer.

Business Hours: The workweek is Monday - Friday. Normal working hours are either 8 a.m. - lunch (flexible between 12 noon and 2 p.m.), closing at 5 p.m.; or 7:30 a.m. - 4:30 or 5:30 p.m. with an hour for lunch. Most commercial offices follow the first system and most manufacturing operations the second.

Banking Facilities: Banks are open to the public from 9 a.m. to 3 p.m. Monday - Thursday, and from 9 a.m. - 3:30 p.m. on Fridays. On the last workday of the month, banks close at noon. Some international banks and savings/credit corporations have extended schedules, even 24-hour service. Banking hours in other Colombian cities differ from those in Bogota: office and business hours are usually between 8 a.m. and 12:00 noon. After two hours for lunch, they open again from 2:00 p.m. to 6 p.m. Foreign currency and travelers checks can be exchanged in banks and currency exchange offices. Hotels may also render these services. Most credit cards are accepted in the main cities of Colombia for car rental, air tickets, in most hotels and restaurants, and in virtually all commercial establishments. There are an increasing number of “cajeros automaticos” (automatic teller machines) which accept international credit cards (such as Visa, MasterCard, and American Express, among others), and perform exchange transactions to provide Colombian pesos. These machines are located in most banks and modern shopping centers.

Shopping: Most stores are open between 9:00 a.m. and 7:00 or 8:00 p.m. on weekdays, and between 9:00 a.m. and 8:00 p.m. or 9:00 p.m. on Saturdays. Some food stores and restaurants (but very few other establishments) are open on Sundays and holidays. When making cash payments, it is sometimes possible to negotiate a discount at some stores.

Credit Cards: Visa, Master Card, American Express and Diners are readily accepted by most hotels and chain stores. Travelers checks are also accepted.

Business Dress: Business clothing varies somewhat depending on the climate of the region visited. In Bogotá and the mountain region, dress is more formal and colors are darker than in tropical areas. Business suits for men and suits and pantsuits for women are customary during the business day and for evening events such as dinners, cocktails and receptions. In tropical and semi-tropical areas (Cartagena, Barranquilla, Medellín and Cali) dress is less formal: lightweight suits for men and lightweight dresses and pantsuits for women.

Language: Spanish is the official language and spoken throughout the country. It is advisable to have some knowledge of Spanish or to hire the services of a qualified interpreter, although many senior executives and government officials speak English.

Religion: Catholic (90 percent)

Promotional Material: Business visitors should be prepared with good quality promotional materials and price lists for the product lines they are offering. It is strongly recommended that all product literature be in Spanish or dual language. Where appropriate, small samples help make preliminary meetings more effective.

Climate: Due to its high altitude, the weather in Bogotá is almost perennially similar to that of mid-autumn or mid-spring in much of North America. Daytime temperatures are in the upper 60's (Fahrenheit), and in the 40's and 50's at night. Much of the rest of the country is tropical (Cartagena and Barranquilla) or semi-tropical (Medellín and Cali).

Altitude: Travelers to Bogotá may require some time to adjust to the altitude (8,600 feet), which can adversely affect blood pressure, digestion and energy level.

Medical Facilities: Medical care is adequate in major cities, but quality varies elsewhere. In Bogotá in particular, travelers can find very qualified general practitioners and specialists. Doctors and hospitals often expect immediate cash payment for health services, although many hospitals in major cities accept major U.S. credit cards. U.S. medical insurance is not always valid outside the United States. Visitors with a particular medical problem may therefore wish to consider supplemental medical insurance with specific overseas coverage, including provision for medical evacuation or other emergencies.

Food/Water: Tap water is generally considered safe to drink in major cities. A variety of international restaurants can be found in most major cities, including American fast- food restaurants such as McDonald's, Pizza Hut, Jeno's Pizza and KFC. Colombian cuisine has been influenced by a combination of Spanish, African, and native traditions. Due to the variety of climates and cultures each region has developed its own cuisine, according to what is grown locally. Some typical Colombian dishes include: ajiaco (a potato and chicken stew), lechona (pork dish), frijoles (beans) and tamales. A large variety of fresh tropical fruit juices are served throughout the country.

Electricity: Electricity used in Colombia is 110/120 volts/60 hertz/AC. Plugs are standard type, as in the U.S. For industrial use generally power will be 220/440v 3-Phase 60 Hz AC . However, there are frequent power outages and surge protectors are recommended for computers and other sensitive equipment.

Weights and Measures: Although Colombia uses the metric system, weight is often figured in pounds and gasoline is sold by the gallon.

A general "Guide for Business Representatives" is available for sale through the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; Tel: (202) 512-1800; Fax: (202) 512-2250. Business travelers to Colombia seeking appointments with U.S. Embassy Bogotá officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at (571) 315-2126/315-2298/315-1026/315-1910 or by fax at (571) 315-2171/315-2190, or via e-mail: Bogota.Office.Box@mail.doc.gov or karla.king@mail.doc.gov.

10. ECONOMIC AND TRADE STATISTICS

APPENDIX A: COUNTRY DATA

1. Population:	42.3 million
2. Population Growth Rate:	1.8 percent
3. Government:	Constitutional democracy, bicameral legislature, strong presidency.
4. Religion:	Catholic (90 percent)
5. Language:	Spanish
6. Work Week:	Monday-Friday

APPENDIX B: DOMESTIC ECONOMY

(In millions of U.S. Dollars or Percentage Changes (e/estimated; p/forecast; y/year-end)

	2000	2001(e)	2002(p)
-GDP (current millions of USD)	80,753.0	82,045.0	83,439.7
-GDP Real Growth rate (percent)	2.8	1.6	1.7
--GDP per Capita (current dollars)	1,909.0	1,991.3	1,972.5
--Government spending as percent of GDP	18.9	19.7	19.5
--Inflation (percent)	8.7	7.6	6.5
--Unemployment Rate (Urban) (percent)(y)	19.7	16.4	16.0
--Net International Reserves (y)	9,004.0	10,245.0	10,430.0
--Avg. Exchange Rate for USD 1.0	2,094.0	2,300.0	2,415.0
--Debt Service/Exports of			
- Goods and Services (percent)	26.7	27.0	29.2

Note: All figures are in U.S. dollars.
Sources: Central Bank, National Planning Department of Colombia and U.S. Embassy Bogotá

APPENDIX C: TRADE STATISTICS

(USD Millions) (including Hydrocarbons)

	2000	2001 (e)	2002(p)
Total Colombian Exports (FOB)	13,115	12,164	11,969
Total Colombian Imports (CIF)	11,539	12,690	13,184

U.S. Exports (CIF)	4,620	4,367	4,614
U.S. Imports (FOB)	6,527	5,200	5,146

Note: All figures refer to merchandise trade only and are in U.S. dollars.
Sources: DANE, Colombian Foreign Trade Ministry, Central Bank, and National Planning Department

11. U.S. AND COUNTRY CONTACTS

COLOMBIAN GOVERNMENT OFFICES RELATED TO KEY SECTORS

BANCO DE LA REPUBLICA
(CENTRAL BANK)
Contact: Miguel Urrutia-Montoya, General Manager
Carrera 7 No. 14-78 Piso 6
Bogotá, D.C., Colombia
Tel: (571) 343-1111/341-8065/283-2492
Fax: (571) 286-1686/286-1731/281-7445
E-mail: mgarcida@banrep.gov.co
Web Site: www.banrep.gov.co

DEPARTAMENTO ADMINISTRATIVO NACIONAL DE ESTADISTICAS (DANE)
(NATIONAL BUREAU OF STATISTICS)
Contact: Maria-Eulalia Arteta, Director
Transversal 45 No. 2670, Int. 1 - CAN Edificio DANE
Bogotá, D.C., Colombia
Tel: (571) 597-8332/ 597-8333/ 597-8300
Fax: (571) 597-8399
E-mail: dane@dane.gov.co
Web Site: www.dane.gov.co

DEPARTAMENTO NACIONAL DE PLANEACION (DNP)
(NATIONAL PLANNING DEPARTMENT)
Contact: Santiago Montenegro, Director
Calle 26 No. 13-19 – Edificio Fonade
Bogotá, D.C., Colombia
Tel: (571) 596-0300/ 334 4405
Fax: (571) 566-3666/ 334-0221
E-mail: ditel@dnp.gov.co
Web Site: www.dnp.gov.co

DIRECCION DE IMPUESTOS Y ADUANAS NACIONALES (DIAN)
(CUSTOMS AND TAX DIRECTORATE)
Contact: Mario Aranguren, Director (as of August 7, 2002)
Carrera 8 No. 6-64 P5
Bogotá, D.C., Colombia
Tel: (571) 297-1220/341-7521
Fax: (571) 286-5789
E-mail: dian@dian.gov.co

Web Site: www.dian.gov.co

INSTITUTO COLOMBIANO AGROPECUARIO (ICA)
(COLOMBIAN AGRICULTURAL INSTITUTE)
Contact: Alvaro-José Abisambra, General Manager
Calle 37 No. 8-43, Piso 4
Bogotá, D.C., Colombia
Tel: (571) 287-7110/288-4438
Fax: (571) 288-4169
Web Site: www.ica.gov.co
E-mail: gerencia@ica.gov.co

MINISTERIO DE AGRICULTURA Y DESARROLLO RURAL
(MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT)
Contacts: Carlos-Gustavo Cano, Minister (as of August 7, 2002)
Avenida Jimenez No. 7-65
Bogotá, D.C., Colombia
Tel: (571) 334-1199/341-9005/341-9031
Fax: (571) 243-4785/284-9005
Web Site: www.minagricultura.gov.co

MINISTERIO DE COMERCIO
(MINISTRY OF TRADE) (as of August 7, 2002)
Contacts: Jorge-Humberto Botero, Minister
Calle 28 No. 13A-15 Pisos 5,6 y 7
Bogotá, D.C., Colombia
Tel: (571) 286-9111/606-7676
Fax: (571) 334-9908
Web Site: www.mincomex.gov.co

MINISTERIO DE COMUNICACIONES
(MINISTRY OF COMMUNICATIONS)
Contacts: Martha Pinto de Hart, Minister (as of August 7, 2002)
Edificio Murillo Toro, Carrera 7 Calles 11 y 12 Piso 4
Bogotá, D.C., Colombia
Tel: (571) 344-3455/344-3460
Fax: (571) 344-3433/344-3434
Web Site: www.mincomunicaciones.gov.co

MINISTERIO DEL MEDIO AMBIENTE
(MINISTRY OF THE ENVIRONMENT)
Contacts: Cecilia Rodriguez, Minister (as of August 7, 2002)
Calle 37 No. 8-40
Bogotá, D.C., Colombia
Tel: (571) 288-2013/332-3400
Fax: (571) 340-6212
Web Site: www.minambiente.gov.co

MINISTERIO DE MINAS Y ENERGIA
(MINISTRY OF MINES AND ENERGY)
Contacts: Luis-Ernesto Mejia, Minister (as of August 7, 2002)
Centro Administrativo Nacional (CAN)
A.A. (P.O. Box) 80319
Bogotá, D.C., Colombia

Tel: (571) 222-1314/324-5201/324-5202
Fax: (571) 324-5208/324-5207
Web Site: www.minminas.gov.co

SUPERINTENDENCIA BANCARIA
(SUPERINTENDENCY OF BANKS)
Contact: Patricia Correa-Bonilla, Superintendent
Calle 7 No. 4-49
Bogotá, D.C., Colombia
Tel: (571) 350-8166/-6061
Fax: (571) 350-9570/350-5707
E-mail: super@superbancaria.gov.co
Web Site: www.superbancaria.gov.co

SUPERINTENDENCIA DE INDUSTRIA Y COMERCIO
(INDUSTRY AND COMMERCE SUPERINTENDENCY)
Contact: Mónica Murcia-Paez, Superintendent
Carrera 13 No. 27-00, P5
Bogotá, D.C., Colombia
Tel: (571) 334-1221/334-2035/382-0840
Fax: (571) 350-5220
Web Site: www.sic.gov.co
E-mail: superintendente@sic.gov.co

COLOMBIAN AMERICAN CHAMBER OF COMMERCE AND CEA

CAMARA DE COMERCIO COLOMBO-AMERICANA, BOGOTA
(COLOMBIAN-AMERICAN CHAMBER OF COMMERCE)
Contact: Joseph Finnin, Executive Director
Calle 98 No. 22-64 Piso 12
Bogotá, D.C., Colombia
Tel: (571) 621-5042/-5242/623-7088
Fax: (571) 621-6838
E-mail: infocenter@amchamcolombia.com.co
E-mail: 73050.3127@compuserve.com
Web Site: www.amchamcolombia.com.co

CAMARA DE COMERCIO COLOMBO-AMERICANA, BARRANQUILLA
(COLOMBIAN-AMERICAN CHAMBER OF COMMERCE-BARRANQUILLA)
Contact: Victoria-Eugenia Ibanez, Executive Director
Calle 76 No. 54-231 (Chalet)
Barranquilla, Atlantico, Colombia
Tel: (575) 360-6710/368-7650
Fax: (575) 368-7651
E-mail: info@amchamcolombia.com.co
E-mail: wtcbaq@latino.net.co
Web Site: www.amchamcolombia.com.co

CAMARA DE COMERCIO COLOMBO-AMERICANA, CALI
(COLOMBIAN-AMERICAN CHAMBER OF COMMERCE-CALI)
Contact: Ana-Lucia Jaramillo-Valli, Executive Director
Avenida 1N No. 3N-97
Cali, Valle, Colombia
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E-mail: info@amchamcolombia.com.co
E-mail: subdi@amchamcolombia.com.co
Web Site: www.amchamcolombia.com.co

CAMARA DE COMERCIO COLOMBO-AMERICANA, CARTAGENA
(COLOMBIAN-AMERICAN CHAMBER OF COMMERCE-CARTAGENA)
Contact: Diana Lequerica, Executive Director
Centro Comercial Bocagrande Of. 309 Avenida San Martin
Cartagena, Bolivar, Colombia
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Fax: (575) 665-1704/-4079
E-mail: info@amchamcolombia.com.co
E-mail: camcolam@ctgred.net.co
Web Site: www.amchamcolombia.com.co

CAMARA DE COMERCIO COLOMBO-AMERICANA, MEDELLIN
(COLOMBIAN-AMERICAN CHAMBER OF COMMERCE-MEDELLIN)
Contact: Nicolas de Zubiría, Executive Director
Calle 4 Sur No. 43A-195 Of. 163 Centro Ejecutivo El Poblado
Medellín, Antioquia, Colombia
Tel: (574) 268-7491/-7514
Fax: (574) 268-3198
E-mail: info@amchamcolombia.com.co
E-mail: amchamber@epm.net.co
Web Site: www.amchamcolombia.com.co

CONSEJO DE EMPRESAS AMERICANAS (CEA)
(COUNCIL OF AMERICAN FIRMS IN COLOMBIA)
Contact: Jaime Lizarralde-Lora, Executive Director
Carrera 13 No. 93-40, Of. 207
Bogotá, D.C., Colombia
Tel: (571) 623-3010/623-3018/623-3045
Fax: (571) 623-3189
E-mail: cea@impsat.net.co

OTHER CHAMBERS OF COMMERCE

CAMARA DE COMERCIO DE BOGOTA
(BOGOTA CHAMBER OF COMMERCE)
Contacts: Maria-Fernanda Campo-Saavedra, President
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Bogotá, D.C., Colombia
Tel: (571) 381-0270/560-0280
Fax: (571) 284-7735/284-8506
E-mail: webmaster@ccb.org.co
Web Site: www.ccb.org.co

CAMARA DE COMERCIO DE CALI
(CALI CHAMBER OF COMMERCE)
Contact: Julian Dominguez-Rivera, Executive President
Calle 8 No. 3-14
Cali, Valle, Colombia
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Fax: (572) 886-1328
E-mail: mcmaffla@ccc.org.co

Web Site: www.ccc.org.co

CAMARA DE COMERCIO DE CARTAGENA
(CARTAGENA CHAMBER OF COMMERCE)
Contact: Guillermo Ramirez, Executive President
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Cartagena, Bolivar, Colombia
Tel: (575) 660-0793/660-0795/660-0762
Fax: (575) 660-0754/660-0803
E-mail: presidencia@camcomerciocartagena.org.co
Web Site: www.camcomerciocartagena.org.co

CAMARA DE COMERCIO DE MEDELLIN
(MEDELLIN CHAMBER OF COMMERCE/TRADE POINT)
Contact: Lina-Maria Velez de Nicholls, Executive Director
Avenida Oriental Carrera 46 No. 52-82
Medellín, Antioquia, Colombia
Tel: (574) 511-6111/512-4826/513-3939
Fax: (574) 512-5215/231-8648
E-mail: lvelez@camaramed.org.co
Web Site: www.camaramed.org.co

CAMARA DE COMERCIO DE PEREIRA
(PEREIRA CHAMBER OF COMMERCE/TRADE POINT)
Contact: Mauricio Vega-Lemus, Executive President
Carrera 8 No. 23-09 Local 10
Pereira, Risaralda, Colombia
Tel: (576) 325-2587/335-6885
Fax: (576) 325-0957
E-mail: aestrada@camarapereira.org.co
Web Site: www.camarapereira.org.co

GENERAL INDUSTRY AND TRADE ASSOCIATIONS

ASOCIACION COLOMBIANA DE MEDIANA Y PEQUENAS INDUSTRIAS (ACOPI)
(SMALL BUSINESS ASSOCIATION)
Contact: Jose-Miguel Carrillo-Mendez, President
Carrera 15 No. 36-70
Apartado Aereo 16451
Bogotá, D.C., Colombia
Tel: (571) 323-6205/323-7555
Fax: (571) 323-6205/323-7555
E-mail: acopipresidencia@express.net.co
Web Site: www.acopi.org.co
Web Site: www.acopinet.com.co

ASOCIACION NACIONAL DE INDUSTRIALES (ANDI)
(NATIONAL INDUSTRIALISTS ASSOCIATION)
Contacts: Luis-Carlos Villegas-Echeverry, President
John Karakatsianis, General Manager
Carrera 13 No. 26-45, P6

Bogotá, D.C., Colombia
Tel: (571) 323-8500/281-0600
Fax: (571) 281-3188
E-mail: andi@andi.com.co
Web Site: www.andi.com.co

FEDERACION NACIONAL DE COMERCIANTES (FENALCO)
(NATIONAL MERCHANTS FEDERATION)
Contacts: Sabas Pretelt de-la-Vega, President
Carrera 4 No. 19-85, P7
Bogotá, D.C., Colombia
Tel: (571) 350-0600/336-7800
Fax: (571) 350-9424/350-5701
E-mail: fenalco@fenalco.com.co
Web site: www.fenalco.com.co

OTHER ASSOCIATIONS BY SPECIAL ECONOMIC/INDUSTRIAL ACTIVITY

Agriculture

DISTRIBUIDORA DE ALGODON NACIONAL (DIAGONAL)
(COTTON PURCHASING AGENCY FOR THE TEXTILE INDUSTRY)
Contact: Juan-Esteban Restrepo-Santamaria, President
Calle 52 No. 47-42, Edificio Coltejer, Of. 1001
Medellín, Antioquia, Colombia
Tel: (574) 251-2072/251-9191/241-8128
Fax: (574) 251-1878
E-mail: pres_diag@epm.net.co
Web site: www.diagonal_colombia.com

FEDERACION NACIONAL DE CAFETEROS DE COLOMBIA
(COLOMBIAN COFFEE GROWERS FEDERATION)
Contact: Javier Silva-Lujan, General Manager
Calle 73 No. 8-13
Bogotá, D.C., Colombia
Tel: (571) 345-6600
Fax: (571) 217-1021
E-mail: rmed@cafedecolombia.com
Web site: www.cafedecolombia.com

FEDERACION NACIONAL DE CULTIVADORES DE CEREALES
(COLOMBIAN GRAIN GROWERS FEDERATION)
Contact: Jose-Adel Cancelado-Perry, General Manager
Carrera 14 No. 97-62
Bogotá, D.C., Colombia
Tel: (571) 218-4342/257-1674
Fax: (571) 218-9463
E-mail: fenalce@cable.net.co
Web Site: www.fenalce.org.co

FEDERACION NACIONAL DE GANADEROS (FEDEGAN)
(NATIONAL CATTLEMEN'S FEDERATION)
Contact: Jorge Visbal-Martelo, Executive President
Calle 37 No 14-31

Bogotá, D.C., Colombia
Tel: (571) 232-7129/245-4010
Fax: (571) 570-1073
Web site: www.fedegan.org.co

Apparel and Textiles

ASOCIACION COLOMBIANA DE PRODUCTORES TEXTILES (ASCOLTEX)
(TEXTILE MILLS ASSOCIATION)
Contact: Ivan Amaya-Villegas, President
Calle 72 No. 9-55 Oficina 903
Bogotá, D.C., Colombia
Tel: (571) 211-5887/212-6036/212-6234
Fax: (571) 210-3894
E-mail: ascoltex@impsat.net.co

ASOCIACION NACIONAL DE DISTRIBUIDORES TEXTILES E INSUMOS PARA LA CONFECCION (ASOTEXTIL)
(TEXTILE AND MATERIALS DISTRIBUTORS ASSOCIATION)
Contact: Cesar Quintero-Rendon, President
Carrera 60 No. 49-41 Oficina 302
Medellín, Antioquia, Colombia
Tel: (574) 512-4065/512-4074/513-2058
Fax: (574) 512-4072
E-mail: asotex@col3.telecom.com.co

Automotive

ASOCIACION NACIONAL DE COMERCIANTES DE AUTOPARTES (ASOPARTES)
(ASSOCIATION OF AUTOMOTIVE PARTS IMPORTERS AND DEALERS)
Contact: Tulio Zuloaga-Revollo, Executive President
Carrera 43A No. 22A-56
Bogotá, D.C., Colombia
Tel: (571) 337-8673/337-7353
Fax: (571) 269-2061
E-mail: asopartes@tutopia.com

Banking

ASOCIACION BANCARIA Y DE ENTIDADES FINANCIERAS (ASOBANCARIA) (BANKING AND FINANCE ASSOCIATION)
Contact: Patricia Cardenas Santa Maria, President
Carrera 9 No. 74-08, Piso 9
Bogotá, D.C., Colombia
Tel: (571) 249-6411/211-4087/255-1709
Fax: (571) 211-4460/211-9915
E-mail: info@asobancaria.com
Web Site: www.asobancaria.com

Construction

CAMARA COLOMBIANA DE LA CONSTRUCCION (CAMACOL)
(COLOMBIAN CONSTRUCTION CHAMBER)

Contact: Eduardo Jaramillo Robledo, President
Calle 70A No. 10-22
Bogotá, D.C., Colombia
Tel: (571) 217-7166/217-0929
Fax: (571) 211-9559
E-mail: camacol@andinet.com.co
Web Site: www.camacol.org.co

Customs Validation

INTERTEK TESTING SERVICES
Contact: Manager
3741 Red Bluff Rd.
Pasadena, Houston TX 77503
Tel: (713) 475-2082
Fax: (713) 475-2083
Web Site: www.itsglobal.com

INTERTEK TESTING SERVICES
Contact: Juan-Manuel Perez, Legal Representative
Pedro Baquero, Operation Manager
Transversal 14 No 126-10 Of 706
Bogotá, D.C., Colombia
Tel: (571) 615-5673/ 615-5654/ 615-5610/626-6291
Fax: (571) 627-1953/627-1956
E-mail: pbaquero@itssts.co.uk

BUREAU VERITAS NORTH AMERICA,INC.
Contact: Juan Martinez
7955 NW 12 Street, Suite 400
Miami, FL 33126
Tel: (305) 593-7878/ (305) 593-7877

BIVAC DE COLOMBIA S.A.
Contact: Rodrigo Guerra, General Manager
Alvaro Mejia, Commercial Manager
Calle 72 No 7-82, Piso 3
Bogotá, D.C., Colombia
Tel: (571) 312-9191
Fax: (571) 211-0009
E-mail: doris.rodriguez@co.bureauveritas.com
Web Site: www.bureauveritas.com

COTECNA INSPECTION INC.
Contact: Peter Schnider, General Manager
14505 Commerce Way, Suite 501
Miami, FL 33016
Tel: (305) 318-2340
Fax: (305) 827-0616

COTECNA INSPECTION COLOMBIA S.A.
Contact: Diego Barrios, General Manager
Calle 114 No 9-01, Torre A Of 809 Teleport Business Park.
Bogotá, D.C., Colombia

Tel: (571) 629-1862 /-1881 /-1891
Fax: (571) 629-1882 /-1883
E-mail: diego.barrios@cotecna.com.co
Web-Site: www.cotecna.com.co

Engineering

ASOCIACION COLOMBIANA DE INGENIEROS CONSTRUCTORES (ACIC)
(Colombian Association of Construction Engineers)
Contacts: Santiago Saavedra-Soler, President (e)
Sandra Charry, Technical Director
Calle 82 No. 10-11
Bogotá, D.C., Colombia
Tel: (571) 236-3585/-4809 /610-7803
Fax: (571) 610-6552
Web site: www.acic.org.co

ASOCIACION COLOMBIANA DE INGENIEROS ELECTRICOS Y MECANICOS(ACIEM) (Colombian Association of Electrical and Mechanical Engineers)
Contacts: Julian Cardona-Castro, National President
Ismael Arenas, Regional President
Luz-Marina Oviedo-de-Cuevas, Executive Director
Avenida 22 No. 41-69
Bogotá, D.C., Colombia
Tel: (571) 368-9268/269-7442/369-0441
Fax: (571) 368-9265/369-0442
E-mail: aciem@cable.net.co
Web Site: www.aciem.com

ASOCIACION DE INGENIEROS CONSULTORES COLOMBIANOS - AICO
(Colombian Association of Consulting Engineers)
Contacts: Hernando Cajiao Navarro, President
Silvia Vanegas-de-Arciniegas, Executive Director
Carrera 13 A No. 89 - 53, Of. 401
Bogotá, D.C., Colombia
Tel: (571) 610-5726 /-5746
Fax: (571) 610-7275
E-mail: aico@interred.net.co

SOCIEDAD COLOMBIANA DE INGENIEROS (SCI)
(COLOMBIAN ENGINEERS SOCIETY)
Contacts: Jaime Bateman-Durán, President
Miguel Ortega-Restrepo, Executive Director
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Bogotá, D.C., Colombia
Tel: (571) 352-0088/256-1023/611-4040
Fax: (571) 243-4360
E-mail: scijg@sci.org.co

Exports

ASOCIACION NACIONAL DE EXPORTADORES (ANALDEX)

(NATIONAL ASSOCIATION OF EXPORTERS)
Contact: Javier Diaz-Molina, President
Carrera 10 No. 27-27 Int. 137, Oficina 902, Edificio Bachue
Bogotá, D.C., Colombia
Tel: (571) 342-0788
Fax: (571) 284-6911
E-mail: analdex@epm.net.co
Web Site: www.analdex.org

ASOCIACION COLOMBIANA DE EXPORTADORES DE FLORES (ASOCOLFLORES)
(ASSOCIATION OF FLOWER EXPORTERS)
Contact: Augusto Solano-Mejia, President
Carrera 9A No. 90-53
Bogotá, D.C., Colombia
Tel: (571) 257-9311
Fax: (571) 218-3693 / 6210331
E-mail: info@asocolflores.org
Web site: www.colombianflowers.com

PROEXPORT COLOMBIA
(EXPORT PROMOTION BUREAU)
Contact: Claudia Turbay, President
Calle 28 No. 13A-15 P.36
Bogotá, D.C., Colombia
Tel: (571) 327-5454/560-0101
Fax: (571) 606-7586
Web site: www.proexport.com.co

Food Products

ANDI-CAMARA INDUSTRIAL DE ALIMENTOS
(FOOD PROCESSORS ORGANIZATION)
Contact: Octavio Campo-Urrea, Executive Director
Calle 35 No. 4-81
Bogotá, D.C., Colombia
Tel: (571) 232-3602/287-7432
Fax: (571) 232-3603
E-mail: ocampo@andi.com.co

Informatics

ASOCIACION COLOMBIANA DE INGENIEROS DE SISTEMAS (ACIS)
(COLOMBIAN ASSOCIATION OF SYSTEMS ENGINEERS)
Contacts: Juan-Jose Uribe, President
Beatriz Caicedo-Rioja, Executive Director
Calle 93 No. 13-32, Oficina 102
Bogotá, D.C., Colombia
Tel: (571) 610-4842/616-1407
Fax: (571) 616-1409
E-mail: acis@acis.org.co
Web site: www.acis.org.co

CAMARA COLOMBIANA DE INFORMATICA Y TELECOMUNICACIONES (CCIT)

(COLOMBIAN TELE-INFORMATIC CHAMBER)
Contact: Sergio Martínez, President
Carrera 11A No. 93-67, Oficina 401
Bogotá, D.C., Colombia
Tel: (571) 621-2443 621-2278
Fax: (571) 621-2335
E-mail: ccit@colomsat.net.co
Web site: www.ccit.org.co

Leather

ASOCIACION COLOMBIANA DE INDUSTRIALES DEL CALZADO, EL CUERO Y SUS MANUFACTURAS (ACICAM)
(ASSOCIATION OF LEATHER GOODS MANUFACTURERS)
Contact: Luis-Gustavo Florez, President
Carrera 4A No. 25-C-71
Bogotá, D.C., Colombia
Tel: (571) 281-6400/281-6171
Fax: (571) 341-8995
E-mail: asicam@andinet.com
Web Site: acicam.org

Media

Newspapers and Periodicals

EL TIEMPO
Avenida Eldorado No. 59-70
Bogotá, D.C., Colombia
Tel: (571) 294-0100
Fax: (571) 410-5088
Web Site: www.eltiempo.com.
Circulation: 208,192 daily (Monday through Saturday); 537,000 (Sundays)

EL ESPECTADOR
Avenida 68 No. 23-71
Bogotá, D.C., Colombia
Tel: (571) 423-2300 / 220-2700
Fax: (571) 220-0741 / 220-0742
Web Site: www.elespectador.com.
E-mail: redactor@elespectador.com
Circulation: 381,000 Sundays

PORTAFOLIO
Carrera 69 No.43B-44
Bogotá, D.C., Colombia
Tel: (571) 571-4470
Fax: (571) 416-6178
Web Site: www.eltiempo.com
Circulation: 42,300 daily (Monday through Friday)

LA REPUBLICA
Calle 46 No. 103-59
Bogotá, D.C., Colombia
Tel: (571) 413-0053/0223/5077

Fax: (571) 413-0251
E-mail: repusen@interred.net.co
Web Site: www.la-republica.com
Circulation: 55,000 daily

Major Colombian Newspapers (U.S. contact points):

EL TIEMPO & EL ESPECTADOR
Contact: Luis Alberto Cano
P.O. Box 831988
Miami, FL 33283
Tel: (305) 384-2249
Fax: (305) 384-9152

EL TIEMPO & EL ESPECTADOR
Latin American News Agency
7122 35th Avenue
Jackson Heights, NY 11372
Tel: (718) 478-4692
Fax: (718) 458-4774

Magazines:

CAMBIO
Carrera 13 No. 27-47, Piso 10
Bogotá, D.C., Colombia
Tel: (571) 346-7272/346-7373
Fax: (571) 346-7211
Web Site: www.cambio.com.co

DINERO
Carrera 11A No. 93-94, Piso 4
Bogotá, D.C., Colombia
Tel: (571) 621-8741/83
Fax: (571) 621-9093/218-6450
Web Site: www.dinero.com

SEMANA
Calle 93B No. 13-47
Bogotá, D.C., Colombia
Tel: (571) 646-8400
Fax: (571) 621-0475
E-mail: correo@semana.com
Web Site: www.semana.com

Major Television Programmers and Broadcasters:

TV – Programmers:

CARACOL ESTUDIOS
Contact: Luis Eduardo Chacón, Operations Director
Calle 27 No. 4-01
Bogota, D.C., Colombia

Phone: (571) 243-0023/319-0860
Fax: (571) 243-6001

R.T.I. (RADIO TELEVISION INTERAMERICANA S.A.)
Contact: Patricio Wills, President
Calle 63F No. 32-11/15
Bogota, D.C., Colombia
Phone: (571) 640-9000/640-3168
Fax: (571) 640-0848/640-3168

TV – Broadcasters:

CARACOL TELEVISION S.A.
Contact: Paulo Laserna, President
Calle 76 No. 11-35
Bogota, D.C., Colombia
Phone: (571) 321-1660
Fax: (571) 321-1670

RCN
Contact: Gabriel Martin Reyes, President
Avenida de Las Americas No. 65-82
Bogota, D.C., Colombia
Phone: (571) 426-9292
Fax: (571) 414-0412/ 420-2616

Mining

CONSEJO INTERGREMIAL DE MINERÍA DE COLOMBIA (CIMCO)
Contact: Carlos-Fernando Forero-Bonell
Carrera 17 No 88-23, Of 302
Bogotá, D.C., Colombia
Tel: (571) 621-2504 / 691-7493
Fax: (571) 621-2592
E-mail: asogravas@col-online.com

Petroleum

ASOCIACION COLOMBIANA DEL PETROLEO
(COLOMBIAN PETROLEUM ASSOCIATION)
Contact: Alejandro Martínez-Villegas, Executive President
Calle 86 No. 20-21, Of. 401
Bogotá, D.C., Colombia
Tel: (571) 616-8384 through 616-8387
Fax: (571) 616-8390 /616-8393
E-mail: acomunicaciones@cable.net.co
Web Site: www.acpetroleo.com

CAMARA COLOMBIANA DE LA INDUSTRIA PETROLERA (CAMPETROL)
(COLOMBIAN CHAMBER FOR THE OIL INDUSTRY)

Contact: Freddy Castaño-Rojas, Executive Director
Carrera 13A No. 104-09
Bogotá, D.C., Colombia
Tel: (571) 214-8681/214-8920/619-7114
Fax: (571) 214-8920
E-mail: CAMPETROL@007mundo.com

Pharmaceutical

ASOCIACION DE LABORATORIOS FARMACEUTICOS DE INVESTIGACION (AFIDRO)
Contact: Margarita Villate, President
Transversal 6 No. 27-10, P.7
Bogotá, D.C., Colombia
Tel: (571) 334-1580/334-1585
Fax: (571) 334-6139
E-mail: afidro@cable.net.co
Web Site: www.afidro.com

Plastics

ASOCIACION COLOMBIANA DE INDUSTRIAS PLASTICAS (ACOPLASTICOS)
(PLASTIC INDUSTRIES ASSOCIATION)
Contact: Carlos Garay-Salamanca, President
Bogotá, D.C., Colombia
Calle 69 No. 5-33
Tel: (571) 346-0655
Fax: (571) 249-6997
E-mails: acoplast@cable.net.co
Informacion@acoplasticos.org
Web Site: www.acoplasticos.org

Market Research Firms

MARKET RESEARCH DE COLOMBIA
Contact: Jorge Martínez-Gil, President
Avenida 13 No. 114A-32, P.3
Bogotá, D.C., Colombia
Tel: (571) 619-8423/619-8435/619-8446/619-8457
Fax: (571) 619-8490
E-mail: market@market.com.co

DATA PHARMACEUTICAL SERVICES LTDA. DE COLOMBIA
Contact: Maria-Eugenia Muñoz-de-Caro, General Manager
Carrera 21 No. 39A-66
Bogotá, D.C., Colombia
Tel: (571) 340-3150/340-0240
Fax: (571) 340-3150
E-mail: data@cable.net.co

OPTIMOS LTDA.
Contact: Rocio Aristizabal-Kiser, General Manager
Carrera 13A No. 89-38, Of. 339
Bogotá, D.C., Colombia
Tel: (571) 618-2751/618-4606
Fax: (571) 618-2821
E-mail: optimos@col1.telecom.com.co

MULTILATERAL DEVELOPMENT BANKS

ALIDE
Contact: Danilo Gomez, Country Representative
Calle 16 No. 6-66, P.7
Bogotá, D.C., Colombia
Tel: (571) 334-2459/336-0377
Fax: (571) 342-9259
Web Site: www.alide.org.pe

BANCO INTERAMERICANO DE DESARROLLO (IDB)
Contact: Fernando Cossio, Country Representative
Avenida 40A No. 13-09, P.7
Bogotá, D.C., Colombia
Apartado 12037
Tel: (571) 323-9180
Fax: (571) 288-6336
Web Site: www.iadb.org

BANCO MUNDIAL (WORLD BANK)
Contact: Alberto Chueca-Mora, Country Representative
Carrera 7 No. 7-71, Torre A, P16
Bogotá, D.C., Colombia
Tel: (571) 326-3600
Fax: (571) 326-3480
E-mail: bmundial@impsat.net.co
Web site: www.worldbank.org

CORPORACION ANDINA DE FOMENTO
Contact: Luis Palau-Rivas, Country Representative
Carrera 7 No. 74-56, P.13
Bogotá, D.C., Colombia
Tel: (571) 313-2311
Fax: (571) 313-2787
E-mail: colombia@caf.co
Web site: www.caf.com

CORPORACION INVERTIR EN COLOMBIA/COINVERTIR (Colombian Investment Corporation)
Contact: Enrique Umaña-Valenzuela

Carrera 7 # 71-52 Torre A Oficina 702
Bogotá, D.C., Colombia
PBX: (571) 312-0312
Fax: (571) 312-0318
E-mail: coflcco@iadb.org
Web Page: www.coinvertir.org.co

FONDO FINANCIERO DE PROYECTOS DE DESARROLLO/FONADE (Development Projects Financing Fund)
Contact: Agustín Mejía-Jaramillo
Calle 26 # 13-19 Pisos 19 al 22
Bogotá, D.C., Colombia
PBX: (571) 594-0407
Fax: (571) 282-6018
E-mail: info@fonade.gov.co
Web Page: www.fonade.gov.co

FONDO LATINOAMERICANO DE RESERVAS /FLAR (Latin America Reserve Fund)
Contact: Roberto Guarnieri, Executive President
Carrera 13 No. 27-47, P.10
Bogotá, D.C., Colombia
Tel: (571) 241-9860/241-9861
Fax: (571) 2419876
E-mail: flar@flar.net
Web site: www.flar.net

FONDO NACIONAL DE GARANTIAS/FNG (National Guarantee Fund)
Contact: Juan-Leonardo Correa-Jaramillo
Carrera 13 # 32-51 Interior 1
Bogotá, D.C., Colombia
PBX: (571) 338-2100
Fax: (571) 338-1468
E-mail: info@fng.gov.co
Web Page: www.fng.gov.co

FONDO PARA EL FINANCIAMIENTO DEL SECTOR AGROPECUARIO/FINAGRO (Agricultural & Industrial Sectors Financing Fund)
Contact: Cesar Pardo-Villalba
Carrera 13 # 28-17 Pisos 2, 3 y 4
Bogotá, D.C., Colombia
PBX: (571) 360-3377
Fax: (571) 338-0191 / 338-0194 / 338-0197
E-mail: coflcco@iadb.org
Web Page: www.finagro.gov.co/www.finagro.com.co

U.S. EMBASSY

Mailing address from U.S.:
U.S. Embassy Bogotá
Unit 5120
APO AA 34038
Tel: (571) 315-0811 (Switchboard)
Fax: (571) 315-2197
Street address:

Calle 22D Bis No. 47-51
Bogotá, D.C., Colombia

THE COMMERCIAL SERVICE/US & FCS (U.S. Department of Commerce).

Mailing address from U.S.:
The Commercial Service
Contact: Karla King, Commercial Counselor
Harry Tyner, Commercial Attache
Unit 5120
APO AA 34038
Tel: (571) 315-2126/-2298/-1026
Fax: (571) 315-2171/315-2190
E-mail: bogota.office.box@mail.doc.gov
Web site: www.usembassy.state.gov/colombia

ECONOMIC SECTION (Department of State)
Contact: Richard M. Sanders, Economic Counselor

AGRICULTURAL SECTION (Department of Agriculture)
Contact: David Salmon, Agriculture Attache

WASHINGTON-BASED USG CONTACTS FOR COLOMBIA

U. S. Department of Commerce
Contact: Julie Anglin, Colombia Desk Officer
14th Street & Constitution Avenue, N.W.
Washington D.C. 20230
Tel: (202) 482-1599/482-2736
Fax: (202) 482-0464
TPCC Trade Information Center
Washington, D.C.
Tel: 1-800-USA-TRADE

U.S. Department of State
Contact: John Cramer, Colombia Desk Officer
2201 C Street N.W.
Washington D.C. 20250
Tel: (202) 647-3023
Fax: (202) 647-2628

Office of the Coordinator for Business Affairs
Contact: Mark Powell
Washington , D.C.
Tel: (202) 746-1625
Fax: (202) 647-3953

U.S. Department of Agriculture
Foreign Agricultural Service (FAS)
Contact: Robert Hoff, Western Hemisphere Area Office
14th & Independence Avenue, N.W.
Washington, D.C. 20250-1000
Tel: (202) 720-7053/-5094
Fax: (202) 720-6063
hoffr@fas.usda.gov

12. MARKET RESEARCH

Each year, The Commercial Service at the U.S. Embassy in Bogotá prepares in-depth sectoral reports (ISAs) and International Market Insight Reports –IMIs (short spot reports on specific market conditions and opportunities). ISAs and IMIs are available to the U.S. business community at www.usatrade.gov. For more information, call the U.S. Department of Commerce's Export Hotline at (800) 872-8723.

Industry Sector Analyses (ISAs)

The following Industry Sector Analyses (ISAs) are available:

1. Air Cargo Services
2. Apparel
3. Automotive Maintenance Equipment
4. Building Materials
5. Computer Hardware and Software Services
3. Electrical Power Systems
4. Energy Services
5. Financial Services
6. Food & Beverage Processing and Packaging Equipment
7. Heavy Construction Equipment
8. Industrial Chemicals
9. Industrial Inorganic Chemicals

10. Machine Tools and Metalworking Equipment
11. Material Handling Equipment
12. Medical Equipment
13. Motor Vehicles
14. Municipal Solid Waste Management Equipment
15. Office & School Products & Supplies
16. Petrochemical Industry
17. Plastic Materials and Resins
18. Safety and Security
19. Telemedicine
20. Travel and Tourism
21. Wireless Telecommunications

International Market Insight Reports (IMIs)

The Commercial Service in Bogotá has also prepared the following IMIs during the past year.

TITLE	DATE
COLOMBIA OPENS TO PERSONAL COMMUNICATIONS SERVICES – PCS	OCT 15/01
INTERNATIONAL FORUM ON CONFORMITY ASSESSMENT SYSTEMS	OCT 15/01
LA LINEA TUNEL TENDER DECLARED VOID	DEC 10/01
CARTAGENA REFINERY EXPANSION PROJECT	DEC 10/01
FEASIBILITY STUDY FOR THE CNS/ATM FOR COLOMBIA	DEC 14/01
OFFICE & SCHOOL PRODUCTS - MARKET UPDATE	DEC 14/01
MERGER OF COLOMBIAN AIRLINES OFFICIALLY APPROVED	DEC 17/01
COLOMBIAPLAST 2002-PLASTIC SHOW	DEC 19/01
THE COLOMBIAN BEVERAGES MARKET	DEC 20/01
THE 2002 BOGOTA FASHION SHOW LAUNCHED	DEC 20/01
BRIEFS ON COLOMBIAN FOREIGN TRADE LEGISLATION	DEC 20/01
WARRANTY IMPORTS	DEC 20/01
ANDINA-PACK 2001/ANDINA PACK 2003	DEC 20/01
COLOMBIAN AUTOMOTIVE SECTOR OVERVIEW	DEC 26/01
COLOMBIAN PULP, PAPER AND PAPERBOARD INDUSTRY	DEC 28/01
COLOMBIAN AUTOMOTIVE SHOW-EXPOPARTES 2002	JAN 16//02
NEW NUMBERING SYSTEM IN THE COLOMBIAN TELEPHONY	JAN 31/02
REDUCED & UNIFIED TELEPHONY INTERCONNECTION COST	JAN 31/02
SECURITY IN COLOMBIA – MARKET OF OPPORTUNITIES	MAR 5/02
ESTABLISHING A BUSINESS IN COLOMBIA	MAR 22/02
COLOMBIAN INDUSTRY - SLIGHT SIGNS OF RECOVERY	MAR 22/02
TRAVEL & TOURISM MARKET UPDATE	APR 6/02
FRANCHISE IN COLOMBIA	APR 6/02
COLOMBIAN PERSONAL COMMUNICATION (PCS) PROJECT	APR 12/02

Agricultural Reports

DAIRY ANNUAL: WHOLE AND NON-FAT DRY MILK	OCT/00
OILSEEDS AND PRODUCTS ANNUAL	JAN/01
EXPORTER’S GUIDE TO THE COLOMBIAN MARKET FOR FOOD PROD.	FEB/01
GRAIN AND FEED ANNUAL	MAR/01
SUGAR ANNUAL	APR/01
COFFEE ANNUAL	MAY/01
AGRICULTURAL TRADE POLICY MONITORING REPORT	JUN/01
COTTON ANNUAL	JUN/01
LIVESTOCK ANNUAL	AUG/01
POULTRY ANNUAL	AUG/01

These and other reports are available on the FAS website: www.fas.usda.gov (Attache Reports)

13. TRADE EVENT SCHEDULE

Event:	MADE IN USA Industry Fair
Type:	Virtual Catalog Show
Dates:	10/01/2002 - 10/05/2002
Site:	Bogota

Event:	COMPUEXPO 2002 Computers & Software
Type:	Business Information Office
Dates:	10/23/2002 - 10/26/2002
Site:	Bogota

Event:	PRINTING & GRAPHIC ARTS
Type:	Virtual Catalog Show
Dates:	11/20/2002 - 11/21/2002
Site:	Bogota

Event:	APPAREL
Type	Matchmaker
Dates:	01/21/2003 - 01/23/2003

Site: Bogota

Event: ANDINA LINK CERTIFIED TRADE FAIR
Cable Television
Type: Business Information Office
Dates: 02/19/2003 - 02/22/2003
Site: Bogota

Event: VACACIONES USA TRAVEL SHOWCASE
Travel & Tourism
Type: Product Literature Center
Dates: 04/07/2003 - 04/09/2003
Site: Bogota

Event: EXPOCOM ANDINO
Telecommunications
Type: Business Information Office
Dates: 04/09/2003 - 04/12/2003
Site: Bogota

Event: INDUSTRIAL PROCESS CONTROLS
Type: Product Literature Center
Dates: 06/17/2003 - 06/18/2003
Site: Bogota

Event: AUTOMOTIVE PARTS AND ACCESORIES CATALOG SHOW
Type: Business Information Office
Dates: 06/20/2003 - 06/21/2003
Site: Bogota

Event: ELECTRICAL POWER SYSTEMS
Type: Product Literature Center
Dates: 08/13/2003 - 08/14/2003
Site: Bogota

Event: OIL & GAS EQUIPMENT
Type: Product Literature Center
Dates: 08/13/2003 - 08/14/2003
Site: Bogota

Event: TELE MEDICINE
Type: Virtual Matchmaker
Dates: 08/23/2003 - 08/23/2003
Site: Bogota

Event: SECURITY & SAFETY EQUIPMENT & SERVICES
Type: Matchmaker
Dates: 09/10/2003 - 09/11/2003
Site: Bogota

B. International Buyer Program:

Event: MEDTRADE

	Home-Health
Dates:	October 29-31, 2002
Site:	Atlanta, GA
Event:	PACK EXPO INTERNATIONAL
	Packaging
Dates:	October 29-31, 2002
Site:	Atlanta, GA
Event:	AUTOMOTIVE AFTERMARKET INDUSTRY WEEK
	After Market & Specialty Equipment
Dates:	November 5-8, 2002
Site:	Las Vegas, NV
Event:	GREATER NEW YORK DENTAL MEETING
	Dentistry & Equipment
Dates:	November 29-December 4, 2002
Site:	New York, NY
Event:	INTERNATIONAL SHOPA SHOW
	School, Home & Office Supplies
Dates:	November 12-14, 2002
Site:	Atlanta, GA
Event:	COMDEX FALL
	B2B/IT
Dates:	November 18-22, 2002
Site:	Las Vegas, NV
Event:	INTERNATIONAL CONSUMER ELECTRONICS SHOW
	Consumer Technology Market/Products for the Home
Dates:	January 09-12, 2003
Site:	Las Vegas, NV
Event:	INTERNATIONAL HOUSEWARES SHOW
	Products for the Home
Dates:	January 12-15, 2003
Site:	Chicago, IL
Event:	INTERNATIONAL BUILDERS SHOW
	Building Industry
Dates:	January 21-24, 2003
	Las Vegas, NV
Event:	WATER QUALITY ASSOCIATION CONVENTION & EXHIBITION
	Light Industrial & Small System Water Treatment Industry
Dates:	March 06-08, 2003
Site:	Las Vegas, NV
Event:	KITCHEN/BATH INDUSTRY SHOW
	Appliances, Architectural Services, Design & Business Mgmt.
Dates:	March 28-30, 2003
Site:	Orlando, FL
Event:	CTIA WIRELESS 2003

Wireless, Mobile Computing and Internet Industries
Dates: March 17-19, 2003
Site: New Orleans, LA

Event: ELECTRIC POWER 2003
Power Generation/Operation
Dates: March 04-06, 2003
Site: Houston, TX

Event: WASTE EXPO
Waste and Recycling
Dates: April 29-May 01, 2003
Site: Atlanta, GA

Event: INTERNATIONAL FRANCHISE EXPO
Franchise Industry
Dates: April/May 2003 (dates to be determined)
Site: (to be determined)

Event: NATIONAL ASSOCIATION OF BROADCASTERS (NAB 2003)
Broadcasting, Audio/Video/Film Production, Products/Services
Dates: April 05-10, 2003
Site: Las Vegas, NV

Event: THE FMI INTERNATIONAL SUPERMARKET INDUSTRY SHOW
Grocery Products & Food Distribution Industry and Equipment
Dates: May 04-06, 2003
Site: Chicago, IL

Event: THE NATIONAL RESTAURANT ASSOCIATION
Restaurant Hotel-Motel (NRA Show)
Dates: May 17-20, 2003
Site: Chicago, IL

Event: SUPERCOMM 2003
Communications & Information Technology
Dates: June 01-05, 2003
Site: Chicago, IL

Event: NPE 2003, THE WORLD'S PLASTICS SHOWCASE
U.S. Plastics Industry
Dates: June 23-27, 2003
Site: Chicago, IL

Event: INTERNATIONAL HARDWARE WEEK
Hardware/Home Improvement Industry & Building Products
Dates: August 10-12, 2003
Site: Chicago, IL

Event: MAGIC INTERNATIONAL
Apparel
Dates: August 25-28, 2003
Site: Las Vegas, NV

Event:	NAFEM 2003 Equipment/Supplies for the Food Service Industry
Dates:	September 05-08, 2003
Site:	New Orleans, LA

Event:	ONLINE LEARNING 2003 CONFERENCE & EXPO E-Learning
Dates:	September 22-24, 2003
Site:	Los Angeles, CA